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U.S. DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

1935 HEARINGS ON PROPOSED NAVAL STORES MARKETING AGREEMENT

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UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICIAL REPORT OF PROCEEDINGS

BEFORE THE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

In re: Hearing with reference to PROPOSED MARKETING AGREEMENT and PROPOSED ORDER for HANDLERS OF NAVAL STORES.	Docket No. A-8 - 0-8.

HEARING AT Jacksonville, Florida.

Date October 31, 1935.

NEIL SATTERLEE
Official Reporter
1101 Ashland Block Chicago, Ill.
1742 K Street N. W. Washington, D. C.

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AGRICULTURAL ADJUSTMENT ADMINISTRATION

In re:	Docket No. A.S- 0.S.
Hearing with reference to PROPOSED MARKETING AGREEMENT and PROPOSED ORDER for HANDLING OF NAVAL STORES.	Naval Stores. Jacksonville, Fla.

Thursday, October 31, 1935,
Chamber of Commerce Bldg.,
Jacksonville, Florida.

The hearing in the above entitled matter came on before the Secretary of Agriculture, Agricultural Adjustment Administration, at 9:30 o'clock a.m.

PRESENT:

GLEN J. GIFFORD, Presiding Officer.

JAY WARD, General Crops Section, Agricultural Adjustment Administration.

NORMAN LEON GOLD, Economist, General Crops Section, Agricultural Adjustment Administration.

R. E. BUCKALEW, Solicitor's Office, Department of Agriculture.

W. S. B. LACY, Consumers Counsel, Agricultural Adjustment Administration.

J. WARREN SMITH, Executive Assistant to Director of Finance, Agricultural adjustment Administration.

MILTON BRIGGS, Commidity Credit Corporation, Department of Agriculture.

APPEARANCES:

L. M. AUTREY, Valdosta, Georgia.

APPEARANCES (continued):

THOMAS J. AYCOCK, Jacksonville, Florida, representing Aycock Lindsey Corporation, Shamrock, Florida.

R. R. BENEDICT, representing Brunswick Peninsula Company, Brunswick, Georgia.

R. L. BLACK, Gainesville, Florida.

W. S. BOOTH, Manor, Georgia, and Waycross, Georgia, representing self, The Manor Trading Company, Inc., Manor, Georgia, and B. & H. Still, Cooperative plant, processing for 30 small producers or operators making largely their own timbers.

C. C. CHAPPELL, Cordele, Georgia, representing the Onyx Turpentine Corporation, Naval Stores Operators, Inc., and Oconee Naval Stores Company, Cordele, Georgia.

H. L. KAYTON, Savannah, Georgia, representing Carson Naval Stores Company, Savannah, Georgia.

O. T. McINTOSH, Savannah, Georgia, representing Southern States Naval Stores Company, Savannah, Georgia.

LEE W. MILES, Baxley, Georgia, representing Miles Bros. and operators, Baxley, Georgia.

J. C. NASH, Savannah, Georgia, representing Columbia Naval Stores Company, Savannah, Georgia.

ROBERT M. NEWTON, Wiggins, Mississippi, representing Newton Naval Stores Company, Wiggins, Mississippi.

A. B. NIXON, Wilmington, Delaware, representing Hercules Powder Company, Wilmington, Delaware.

MILLARD REESE, Brunswick, Georgia, representing The Downing Company, Inc., Brunswick, Georgia.

APPEARANCES (continued):

CARL FRANK SPEH, Jacksonville, Florida, representing the Control Committee.

TOM WILKES, Lollie, Georgia, representing self.

A. GORDON CASSELS, Savannah, Georgia, representing the Cassels Company, also operators, 702-5 Liberty Bank Building, Savannah, Georgia.

T. S. BOYKIN, Waynesboro, Mississippi, representing Boykin & Son, State Line, Mississippi.

GEO. T. RIVES, Brunswick, Georgia, representing N. L. Morgan, Screven, Georgia; Weirgate Naval Stores Co., Weirgate, Texas; E. W. Tanner, Nicholls, Georgia; Isaac Moody & Company, Baxley, Georgia; C. B. Bruitt, Hickox, Georgia; R. C. Henderson; F. A. Rhodes, Dorchester, South Carolina; H. M. Corbett, Manor, Georgia; D. M. & N. Vickers, Douglas, Georgia; J. E. Garrison, Ludowici, Georgia; Mrs. H. J. Griner, Patterson, Georgia; W. A. Hood, Leesville, Louisiana.

J. B. MILLER, Jr., Baconton, Georgia, representing J. R. and J. B. Miller, Inc., Baconton, Georgia.

J. L. SULLIVAN, Madison, Florida, representing self.

J. L. Prince, Pelham, Georgia, representing Prince & Company and J. L. Prince & Son, Pelham, Georgia.

P R O C E E D I N G S

PRESIDING OFFICER GIFFORD: The hearing will come to order, please.

The notice of hearing is as follows:

"Notice of hearing with respect to a proposed marketing agreement and a proposed order.

"WHEREAS, under the Agricultural Adjustment Act, approved May 12, 1933, as amended, and under General Regulations, Series A, No. 1, of the Agricultural Adjustment Administration, a hearing is required to be held and notice thereof to be given with respect to proposed marketing agreements and orders entered into and issued pursuant to the provisions of sections 8b and 8c of the said Act; and

"WHEREAS, the Control Committee established under the Marketing Agreement for Processors of Gum turpentine and Gum rosin, effective February 21, 1934, have proposed a Marketing Agreement and Order for the consideration of handlers of naval stores, to be executed and issued pursuant to sections 8b and 8c of the Act,

"NOW, THEREFORE, pursuant to the said Act and said General Regulations, notice is hereby given of a public hearing to be held at the Chamber of Commerce Building, in Jacksonville, Florida, at 9:30 a.m., October 31, 1935, and thereafter until concluded, at which hearing interested parties will be heard with reference to a proposed Marketing Agreement and a proposed Order for handlers of naval stores to be executed and issued under sections 8b and 8c of the Act.

"The proposed Marketing Agreement and the proposed Order relate to the handling of naval stores, and provide methods for (a) the establishment of a control committee of processors, factors, and dealers; (b) the establishment of a gum producers' committee of 7; (c) the limitation

of marketing of naval stores; (d) the alloting of the quantity of naval stores each handler may market in the current of interstate or foreign commerce, or or so as directly to burden, obstruct, or affect interstate or foreign commerce; (e) assessments; and (f) the regulation of other matters relating to the handling of naval stores.

"Copies of such proposed Marketing Agreement and proposed Order are available for public inspection at, and can be procured from, the Office of the Hearing Clerk, U. S. Department of Agriculture, 4725 South Building, Washington, D. C.

"Signed H. A. Wallace, Secretary.

"Dated October 16, 1935, Washington, D. C."

The designation of Presiding Officer is as follows:

"Designation of Presiding Officer.

"In accordance with Section 204 of the General Regulations, Series A, No. 1, of the United States Department of Agriculture, Agricultural Adjustment Administration, I hereby designate Glen J. Gifford, as Presiding Officer to conduct a hearing, as provided in Notice of Hearing, dated October 16, 1935, to be held at Jacksonville, Florida, on October 31, 1935, and thereafter until concluded, upon a proposed Marketing Agreement and a Proposed Order regulating the handling of naval stores, which have been proposed pursuant to sections 8b and 8c of the Agricultural Adjustment Act, as amended. The above named Presiding Officer shall conduct such hearing in accordance with the aforesaid regulations, and shall perform the functions and duties and be vested with the powers therein provided.

"In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 16th day of October, 1935.

"Signed H. A. Wallace, Secretary."

This notice of hearing and the designation of Presiding Officer, together with other documents, are included in what we call the Government's Exhibit No. 1. It contains the following matters:

A document entitled "Notice of Hearing with respect to a proposed Marketing Agreement and proposed Order regulating the handling of naval stores," executed by the Secretary of Agriculture, dated October 16, 1935.

A document entitled "Determination of parties to be notified," executed by the Secretary of Agriculture, dated October 16, 1935.

The designation by the Secretary of Agriculture of Glen J. Gifford to act as Presiding Officer, dated October 16, 1935.

An affidavit of posting notice of hearing, dated October 22, 1935, stating that notice of hearing has been posted on October 16, 1935, in compliance with Section 201, subsection 1, of General Regulations, Series A, No. 1, of the Agricultural Adjustment Administration.

An affidavit of issuance of press release, dated October 22, 1935, stating that press releases have been issued and mailed on October 16, 1935, in compliance with Section 201, subsection 3, General Regulations, Series A, No. 1 of the Agricultural Adjustment Administration.

An affidavit of mailing notice of hearing dated October 22, 1935, stating that notices of hearing have been mailed on October 16, 1935, in compliance with Section 201, subsection 4 of General Regulations, Series A, No. 1, of the Agricultural Adjustment Administration.

An affidavit signed by C. T. Myers, dated October 22, 1935, stating that notices of hearing have been mailed on October 18, 1935, in compliance with Section 201, subsection 5, General Regulations, Series A, No. 1, of the Agricultural Adjustment Administration.

A copy of the proposed marketing agreement and proposed order for handlers of naval stores, General Regulations, Series A, No. 1, issued October 30, 1935.

These are all copies of originals copies of which are on file in the Hearing Clerk's office, Agricultural Department, Washington, D. C., and they are certified as correct copies by J. D. Le Cran, Assistant to the Secretary of Agriculture.

This document identified as Government's Exhibit No. 1 will be introduced in evidence and made a part of the record.

(The documents submitted by Presiding Officer Gifford were marked "Exhibit No. 1" and is attached to this record.)

PRESIDING OFFICER GIFFORD: Before proceeding with my general statement, ladies and gentlemen, I desire to present to you the gentlemen who are here with me from the Administration so that you will all know who they are.

On my left is Mr. W. S. B. Lacy of Consumers Counsel.

On my right is Mr. Reese Barkalow, of the General Counsel's Office.

Next to his right is Dr. Norman Leon Gold, Economist from the General Crops Section.

Next to his right is Mr. Jay Ward of the General Crops Section.

And on his right is Mr. J. Warren Smith, Executive Assistant to the Director of Finance.

And I am the designated Presiding Officer, G. J. Gifford.

I think it would be appropriate at this time to make a short statement relative to our procedure in conducting hearings of this type. As you know, this hearing is called to consider a proposed marketing agreement and a proposed order for the naval stores industry.

We have a definite procedure which we follow. We do not handle the matter with the same strict rules of procedure that apply in courts of justice, but we do try, realizing the inexperience of some who desire to testify, that they may feel perfectly free in giving their testimony, and so we have to vary from the strict procedure in courts of justice to some extent. However, we try to adhere to it as nearly as possible.

The witnesses are required to be placed under oath or affirmation. The evidence is all taken under oath or affirmation. Each witness testifying is required to sign an appearance blank, and if there is anyone here who does not have an appearance blank he will be furnished with that blank. We desire that you present that appearance slip to the reporter before you testify.

In hearings of this type we have daily records; that is, the reporters keep up with the proceedings day by day, so that the next morning the complete record of the preceding day is transcribed. Therefore, these appearance slips are of very great importance, because without an appearance slip your testimony will not be incorporated into the record.

Witnesses testifying are requested to confine themselves as nearly as possible to statements of fact. What the government is interested in is developing a true statement of facts whether in support of or in opposition to these instruments. Therefore, when a witness is testifying, we do not desire that he be disturbed while he is giving his evidence. We want him to complete his evidence and then if there are pertinent questions you will be permitted to ask them through the Presiding Officer. We do not have cross examination, although any question that tends to develop or clarify the testimony of any witness, you are permitted and will be permitted to have such questions answered.

The procedure in reference to the sequence of the matters that will be taken up is somewhat as follows.

We will first have a general statement, first from those who think there should be a marketing agreement and order, either as presented here or a modified form as you care to suggest; and then following that we hear from those who are opposed to having it and who have a general statement assigning their reasons as to why they are opposed to it.

Following that we take up the proposed order and proposed marketing agreement in detail, usually section by section or topic by topic as may be best suitable under the conditions.

We do not desire any extended arguments at this time. We desire that you confine yourselves as stated before to factual matters. It makes so much better a record to consider and digest. However, if there are those who desire to make arguments we will give you time at the expiration of this hearing in which you may prepare and file written briefs. In the event written briefs are filed they must be in four copies, they must be typed or printed in some form, and each of them must be subscribed and sworn to by the author of the brief or someone on his behalf who is authorized to verify it. When these briefs are filed, they should be mailed to the Hearing Clerk, Department of Agriculture, Washington, D. C. His room number is 4725 South Building, Department of Agriculture, Washington, D. C.

Likewise, we are not here to settle your personal differences. In a group of this size we always experience the situation that there are such feelings. Therefore, we desire that the record be not encumbered by any personal matters. We make that as a very serious request. I hope it does not exist, and I hope it does not come up, but if it does we do

not desire to have the record contain matters of that kind. We are proceeding to develop first, purely and simply as to whether there should be a marketing agreement or not, /and as to whether there should be an order or not, and we can only determine that from the economic conditions surrounding your industry.

Another thing I have experienced sometimes at hearings is the fact that many want to vote on questions. We do not take any votes in hearings of this kind. We get the facts, and then after the facts are studied and it is determined by the Secretary whether they sustain them or do not sustain him in entering into a marketing agreement or issuing an order, then is when you have the right to express your opinion as to whether you support it or do not support it. It will come to you for signature and at that time you will be perfectly free to sign it or not sign it, endorse or not endorse it.

We are here then to decide this; we are not recommending any of the things that are presented here. They are not the work of the department. They are just simply instruments and we are here with these instruments concerning which we shall gather evidence and come to a conclusion.

Likewise, there may be some of you who desire copies of this record. The government does not furnish any free copies of this record to anyone. However, after the record is completed it is made a public record in the office of the Hearing Clerk, where it is open to inspection by anyone in the Clerk's office. It cannot be removed from the Clerk's office.

However, if you desire a copy for your own use you should order it now from the reporter. It will be a personal contract between you and the reporter for which you will be required to pay a nominal charge.

This charge, if it is ordered before the conclusion of the first session of this hearing, that is before the first intermission or following the first intermission, will be perhaps much cheaper than if it is ordered afterwards, because after that time the transcribing begins and if ordered later on it would necessarily mean recopying the whole record up to that time, while if ordered early, it can be made at the time the original copies are being made for the government.

I would suggest this further, that as the witnesses testify, since it is very difficult to hear in this room, I should like to inform you that each witness presenting himself will be asked to come forward and testify so that he can be facing the audience during his testimony and so that the reporter can hear him and get his evidence as he should.

Furthermore, for the reason that it is difficult to hear, I am going to ask you to maintain just as much order as possible. With conversations going on and echoing--and we can hear one now going on up here--it makes it very difficult to hear. Now we want you to hear every word that is said, because this is a public hearing, and I know you are as much interested and perhaps more so than we are in it.

Another thing, we shall have just immediately prior to the start of this type of hearing, is a statement from the General Crops representative as to his understanding, or the government's understanding of what is in the proposed marketing agreement or the proposed order. We are doing that with the full realization that these matters are not proposed by the government but are proposed by the industry, and so that we may have the same understanding of what the meaning is before we start to hear evidence, we shall have that done at this time, and at this time I will call on Mr. Ward.

First, before doing that, if there are any here who do not have the proposed order or the proposed marketing agreement or of the appearance blanks, we will see that you get them. We have plenty of them here which are available.

Mr. Ward.

STATEMENT OF JAY WARD
GENERAL CROPS SECTION
DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

MR. WARD: As Judge Gifford has explained, the purpose of this public hearing is to secure evidence regarding the desirability of continuing the adjustment program for the naval stores industry.

From expressions which I have heard from members of the industry, I do not know whether this might be termed a wedding anniversary celebration or a divorce proceeding. If this should turn out to be a divorce proceeding, I am reminded of a little story that was told about Chauncey M. Depew. He was asked, if he should die and come back to life, whom he would prefer to marry as his wife in his second reincarnation, and he replied, "I would want to marry none other than the former Mrs. Depew".

So I feel that my personal relations with this industry have been so pleasant, that if we do get a divorce we might look forward maybe, to a reunion later on.

That has happened in some other industries where they are now attempting to become reunited with the government under a marketing agreement and an adjustment program which had been severed.

We have felt and have hoped that you would have felt that the attitude of the Administration was not that we were seeking to impose

any sort of a program. We did not come into this picture voluntarily, and in our relations we have tried not to be dogmatic to any degree.

We have wanted to be helpful. That is our attitude now. As I have said on other occasions, we are not working for a marketing agreement nor against a marketing agreement. We have the machinery under the amended Agricultural Adjustment Act, we believe, and a better law under which we may serve you than under the original Act, and if it should be determined by your votes that you want to continue this relationship we are both willing to continue to try to help.

Some of the acts of the Administration have been criticized, notably the fact of the discontinuance of the loan.

Conditions came about where it seemed desirable from the best advice that we could get from the industry, that certain features of the marketing agreement should be terminated, and the licenses be suspended. That was done. That agreement and those licenses being the basis upon which loans had been granted, when they were removed it naturally followed that loans had to be discontinued.

The matter was taken up as to the reopening of loans to take over such stocks that were ready to be placed in the loan at the time of the termination. That was seriously considered, and I think on the part of the Administration the desire to do that was sincere. I am sure of that. However, we with the government have certain restrictions and there were certain legal difficulties to be met. That involved certain decisions, and the fact that those decisions were delayed was no fault of the administration. It was a matter of routine, and, of course, we regret that it was not reopened at a time when it might have done some good. I think that can be done now under the rulings that have been made.

Now, the agreement which we have here has been presented by representatives of the gum naval stores industry, that is, the major portion of this agreement. The original draft as submitted has been rewritten to conform to the provisions of the amended act.

In your original program we had an agreement only with gum naval stores processors. The new law makes it possible and we think it desirable that if a new program is entered into, that all groups, both the wood turpentine and gum turpentine processors, factors and distributors of gum turpentine should be included in one pact.

As I said, this agreement which is presented to you here is the outgrowth of an original draft that was submitted by only the gum naval stores industry or representatives, the authorized representatives of that industry, as has been stated.

There are provisions in here relative to the wood naval stores groups. They have been written in here tentatively exactly following the form of the license which was in effect until its suspension a short while ago, the first of August. As a matter of fact, the entire document which you have before you is tentative, and we hope to develop, or hope to have your thought regarding changes which you think should be made. If a program is continued we want the best thoughts of the industry in a cooperative effort for the industry.

Our position in the government is somewhat changed now to what it was two years ago. Since that time we have gone into the naval stores business. Most of the available supply of surplus stocks, as you know, are now held as pledged stocks by the Commidity Credit Corporation. That should have some bearing upon the situation, and I just mention it in passing because we do expect that feature will be considered as we go along with the hearing.

I might add that the features of the agreement--of course, it provides for the usual provisions of an agreement. We have in Article I the definitions of technical terms that are used in the industry. The setting up of a control agency or an administrative agency to be appointed by the Secretary to administer the agreement, setting forth the duties and powers of that agency, the manner of procuring the funds for administering the agreement.

Then the marketing control or adjustment features of the agreement are set forth in volume 4, the volume to be marketed, and I might say right here that I would like to point out one fact in regard to that. The volume to be marketed, to be determined at this hearing for the coming year--that is, not at this hearing, but before the agreement, based upon the evidence received at this hearing that quantity will be determined. A second hearing, if a program should continue will be required, a public hearing, to get further evidence to determine the crop, because that is determined by an amendment to the agreement and order, and amendments can only be had after a public hearing such as this, to which all members of the industry would be invited.

There have been some changes, not a great many, in the type of marketing regulations which we have experienced during the past two seasons. We should like to develop evidence here, provided a program is determined upon, for any changes or corrections or improvements upon the plan which is set forth in this proposed agreement.

The agreement, of course, also contains other provisions, the standard provisions regarding the time of termination of the agreement, liability of members of the Control Committee, and various other features of that type.

Provision is also made for loans, provided, of course, there is any justification for loans. That is set forth in the agreement to open that door, provided there is ever any justification for it, and some other features along that line which will be brought out during the course of the hearing.

I think that is all.

PRESIDING OFFICER GIFFORD: Is there any statement from the legal section, Mr. Barkalow.

MR. BARKALOW: No, I think not.

PRESIDING OFFICER GIFFORD: Any statement from the Consumers Counsel?

MR. LACY: No, sir.

PRESIDING OFFICER GIFFORD: Mr. Smith, do you care to make any statement?

MR. SMITH: No, sir, I think not.

PRESIDING OFFICER GIFFORD: Since I introduced the members here from the Administration I notice one member from the Agricultural Adjustment Administration who has come in and who is not at the table, Mr. Milton Briggs of the Commodity Credit Section, Agricultural Adjustment Administration.

A VOICE: Mr. Chairman, can any arrangements be made so that we can hear?

PRESIDING OFFICER GIFFORD: We are trying to get a loud speaker now, and I hope that we succeed.

Gentlemen, I wish to caution you again to speak just as loud as you can, since it is so difficult to hear.

At this time we will take up the discussion first of those in favor of an agreement of some kind, whether it be this or some other type of agreement, and order, that might be issued by the Secretary.

Is there someone present prepared to make a statement on that?

MR. NEWTON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Newton.

MR. NEWTON: I might say, Mr. Chairman--

PRESIDING OFFICER GIFFORD: Just a minute, Mr. Newton, will you be sworn, please.

MR. NEWTON? Yes, sir.

TESTIMONY OF ROBT. M. NEWTON
WIGGINS, MISSISSIPPI,
REPRESENTING NEWTON NAVAL STORES COMPANY
AND CHAIRMAN CONTROL COMMITTEE,
WIGGINS, MISSISSIPPI.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you give the reporter your full name, Mr. Newton.

MR. NEWTON: Robert M. Newton.

PRESIDING OFFICER GIFFORD: And your address.

MR. NEWTON: Wiggins, Mississippi.

PRESIDING OFFICER GIFFORD: And your representation.

MR. NEWTON: I am representing the Newton Naval Stores, and I am also chairman of the Control Committee.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. NEWTON: Gentlemen of the government, and fellow members of the industry, speaking as chairman of the Control Committee, I want to merely express the position of the Control Committee and why this marketing agreement is proposed.

As has been brought out this marketing agreement was presented to the government by the Control Committee for consideration.

On or about, I believe it was August 1, we had a suspension and a cancellation of a portion of the old marketing agreement that related to tags and quota. I believe those were the main features. The balance of the marketing agreement was left in source and the Control Committee left to administer it.

The Control Committee elected by the processors of gum naval stores felt it their duty to present to the industry a proposed agreement for their acceptance or rejection, and got busy and presented a form to the government for hearing.

Now, this committee was elected by the gum processors, as I say. This committee felt that they could not take it on themselves to say that the industry does not need an agreement. The members of the Control Committee at that meeting, and if I remember correctly, eight were present, felt that some form of control program was needed, and since we are operating under a license--under a marketing agreement and license, they felt that they should adhere as nearly as possible to the terms of that license and marketing agreement in presenting an agreement to this hearing for consideration, realizing, of course, that at this hearing facts would be developed and if the terms of this marketing agreement were not right or could be improved on to help the industry as a whole, evidence would be submitted, and after being rewritten and submitted by the government you could at that time say, yes or no, and if no, the show is over. But certainly it was our duty as your representatives, elected representatives, to present it to you and carry it through for you to actually vote, yes or no, after it is rewritten and submitted.

Now, I have been connected with this work from its beginning, and I want to say that I think unquestionably two years ago when we had a hearing in Jacksonville--I believe about November 12--that it resulted in you might say just a discussion of whether I am for or I am against the things you propose, and at that time among those present were some of the most constructive thinkers in the South, and if at that time they had merely expressed themselves, if you had come in here and given the hearing the benefit of your constructive advice, I believe that the marketing agreement that we worked under in 1934 would have been much better for the industry as a whole.

And I think the result in 1935, at the other hearing, when it was admitted that 1935 worked much better than 1934.

Now, I make that remark for this reason: there is quite a crowd here and I know that there are a large number of people opposing this thing, but I do know that in that number, that we have constructive thoughts, and that if a program is accepted by the industry, that your thoughts would be helpful at this time. And, also, let me urge upon you, that even though you are opposed to a marketing agreement--that is your right, and I don't blame you for it, that is your privilege--but just as soon that we will have a marketing agreement, take it for granted that probably this thing will be in effect, that we have a program, and with that view in mind I want to urge that you give for the benefit of this record your constructive criticism, and as this marketing agreement is considered section by section, please give the government the benefit of your advice. We don't know whether it is going to be accepted or not.

I feel that possibly there are some here today that would say, I am against the program, but you may later after the evidence is developed

and it is rewritten, and the facts brought out, when it comes time to vote, you may vote for it, and there are some here who may feel that they would vote for it today and they may vote against it, but my plea to you is that each of you, as this proposed agreement is considered, inject into it the principles that should control this control program, provided we have it, knowing that it will be submitted to you for vote.

As Judge Gifford pointed out, as I understand, there is going to be no vote taken here today. This hearing is to develop the facts today, so give us the benefit of your thought on what should go into a program, in case we have it.

Now, I make those remarks in behalf of the Control Committee. I believe I have covered pretty well the position of the Committee.

Now, should I speak as an individual at this time?

PRESIDING OFFICER GIFFORD: Just use your own pleasure.

MR. NEWTON: Now, speaking as an individual on my position, I sincerely feel that we need some form of control, and my reason for that is this: without it, and I see it everywhere, most everyone I talk to, they are ready to expand a little, some in a large way, but most in a small way.

Now, I would like to bring this before you: we are on a four hundred and fifty thousand quota crop this year, and no doubt it will be four seventy-five. I have heard expressions as high as five hundred and five hundred and twenty-five. I don't know what the crop will be, but certainly it is in excess of four hundred and fifty.

Today we have a market that most of us fare fairly well under, and I have heard the expression, what is the use of a program if we can have as good a market or better without it, that the market is as good today

as it was when we didn't have it. But, gentlemen, please don't lose sight of the fact that at the beginning of the year, the Commodity Credit Corporation had pledged about ninety-one thousand turpentine and one hundred eighty-eight thousand rosin of this crop. They have taken over fifty-seven thousand more barrels of turpentine and one hundred five thousand more of rosin, making a total of one hundred forty-eight thousand turpentine that they are carrying and two hundred ninety-three thousand barrels of rosin.

Now, if this 57,000 barrels of turpentine and this 105,000 barrels of rosin that they have pledged to them of this year's crop, which was not offered for sale, if that was available at this time for consumption, together with that that was carried prior to this, making a total of 148,000 turpentine and 293,000 rosin, if those stocks were in the hands of the dealers and consumers, can you believe that our market would be where it is today?

Now, isn't the position we are in because of those firmly held stocks?

Now, my opinion is, gentlemen, without control, and I have heard others say, and to what I believe, that we admit we are going to have an increase in next year's business, not only from our group but from the wood people. I know that over in my section that additional plants are contemplated with the wood people, and also an increase in what they are doing now.

I feel, gentlemen, that we are facing a serious situation, and while we may go through the winter with prices as good or better than they are now, and probably better because I doubt that we will have current receipts sufficient to satisfy the demand during the weak months of production and nonproducing months during the winter and if the consumers get our supplies they have got to get them from the

Commodity Credit Corporation, and they cannot get them out without advancing the loan value, plus carrying charges, that we are going to be misled over the next few months, thinking that good prices are ahead of us because they are having to pay the price to bring out the Commodity Credit stock, and we will be misled to the extent of increasing our crop much larger than can be consumed next year, and when June comes and the heavy production starts I don't know where it will go. My opinion is that it will certainly go as low or lower than 1932, if the crop is made that it looks like will be made now.

For that reason, I am for the control.

Now, I resent being held down as much as any man in this room. I am not for permanent regimentation, but as a matter of emergency I am for this control program or some control program. I don't mean that every word in here is correct. I think it can be improved. And I say again that if you will give this hearing the benefit of your suggestions it will improve this thing and we will come out from this hearing with something to submit to you that probably everyone could work under without too much hardship. But anyway we have, I think, an opportunity here to hold ourselves together for another hearing or to get all of the handlers to vote and I think we will protect ourselves and work together, so that in the future, and certainly there is timber coming on where we can make more turpentine than we are making now, and we can put ourselves in a position to do more and be ready to take care of ourselves for this big crop that is bound to come within the next five to ten years as a result of this reforestation that the government is doing.

Now, the last remarks I have made I make only as an individual, and I say sincerely that I think that if we can get together and work

out something for the next year and the next, if it is needed, that we will be protecting ourselves, because as I understand from the government that each year that this control program comes on, we will have to have a hearing on it, that it is not something perpetual.

Now, that is my expression on it and I merely wanted to make it at the beginning, and also my first remarks, so that you would understand the position of the committee. This committee is not trying to force anything down your throats at all. It is merely presenting something so that when the time comes you can say, yes or no, to it. If you say, no, that is all right.

I believe that is all.

PRESIDING OFFICER GIFFORD: Thank you, Mr. Newton.

(Witness excused.)

PRESIDING OFFICER GIFFORD: Before proceeding with the statements, I desire to request all of those who testify, that before testifying that you announce your name, your residence and whom you may represent, so that everyone will know who is speaking.

Of course, we all know Mr. Newton, the chairman of your Control Committee, but hereafter it will be better, I think, if every witness would announce his name, his residence and whom he represents.

Are there any other members of the Control Committee who desire to make a statement at this time?

(No response.)

PRESIDING OFFICER GIFFORD: Is there anyone who desires to speak in support of a marketing agreement, whether in this form or some other form?

(No response.)

PRESIDING OFFICER GIFFORD: I want you to feel perfectly free to

express yourselves. That is what this general discussion is for, and it gives the Administration a pretty clear idea, or should give the Administration a pretty clear idea of what the sentiment is in this industry.

MR. CASSELS: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Just come forward please, will you?

MR. CASSELS: I just want to ask a question.

PRESIDING OFFICER GIFFORD: Will you give us your name, please.

MR. CASSELS: I want to ask Mr. Black if the committee if acting as a unit on the presentation of this agreement--

PRESIDING OFFICER GIFFORD: Will you give us your name, please?

MR. CASSELS: A. Gordon Cassels, President, Cassels Company, Savannah, Georgia.

PRESIDING OFFICER GIFFORD: I don't think the question is pertinent, because every member of the Control Committee is here and can speak for himself.

In other words, the statement has been made for the Control Committee and in the discussion of this, ladies and gentlemen, I want to say to you that in the presentation on this marketing agreement the Control Committee is free to act as individuals in the matter on every topic that comes up, and so far as the government is concerned we would prefer that every member of the Control Committee speak his personal sentiments when he desires to testify.

I want that to apply to everyone else, also, that we want your individual opinions.

Is there anyone else who desires to make a statement?

MR. BLACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Black.

MR. BLACK: I wish to make a brief statement.

PRESIDING OFFICER GIFFORD: Will you be sworn, please.

MR. BLACK: Yes, sir.

TESTIMONY OF R. L. BLACK,
GAINESVILLE, FLORIDA,
REPRESENTING NAVAL STORES INDUSTRY.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the purpose of the record will you state your full name, Mr. Black.

MR. BLACK: R. L. Black.

PRESIDING OFFICER GIFFORD: And your address, please?

MR. BLACK: Gainesville, Florida.

PRESIDING OFFICER GIFFORD: And your representation?

MR. BLACK: Naval stores industry.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. BLACK: I am a member of the Control Committee, Mr. Chairman and gentlemen, and I want to reiterate some of the statement that the chairman of the Committee has made in reference to the Committee.

I want to say this, gentlemen, that your Committee was voted on by the operators or processors of naval stores, and speaking as a member of the Committee I want to say that we tried diligently and honestly to carry out the provisions of the old marketing agreement.

When this thing came up before the Committee, I believe--I will not say authentically, but I believe that I made a motion, and it was unanimously carried by all members present, that we submit this and ask the government to give the industry a hearing on a new marketing agreement.

Now, speaking as a member of your committee, it does not make one difference to me personally whether you have an agreement or whether you don't have it.

Now, speaking as an individual, after we have submitted to you as turpentine producers or the latest term for it is processors, I am going to vote for an agreement, provided that we have an enforceable control program.

If that is shown to you in the agreement that is presented here, then I as an individual producer--and I want to say right now, gentlemen, I am a very small frog in this big pond, I am not speaking now as a member of the Control Committee, but I am talking as R. L. Black, as very small producer, and there will certainly have to be some provision in that agreement that will warrant an enforceable control program.

I do not know whether this will go down as evidence or not. If I get out of line, Mr. Chairman, just call me down.

PRESIDING OFFICER GIFFORD: All right.

MR. BLACK: There are certain provisions in there where it says they are going to put in there a loan. Now I would like to see placed therein and evidence submitted so that we can substantiate our claim for a loan. I know that the government is willing to help and aid because they are interested in it. I do not feel like the government should, but they claim that they are now in the naval stores industry, by virtue of the fact that they own 148,000 barrels of turpentine and 290,000 barrels of rosin. I would like to see somebody that is in opposition to it who would get up and offer an amendment that we put in that paragraph in the marketing agreement as drafted and presented, a minimum loan, or if it can be done, a minimum price, and than the government as they have done with the cotton people, guarantee the price of 10 cents and reach over and grab it out of the subsidy fund and make up the difference in that way. I think we should put in this

amendment which I believe can be substantiated, the fact that a $50 loan on turpentine will bring it to the possible parity price, which was the purpose of the foregoing amendment presented to the industry, which was around $68 per unit, and if they will agree--I don't know whether it is feasible or not, but you never get anything unless you ask for it, and I want to see the evidence brought out today to ask the government to give us a minimum loan and reach over to the subsidy fund, and I understand they have around $92,000,000 in it, and are anxious and willing to help some agricultural program, and make up the difference in that way.

I would like to see that and then it does not make any difference if you get parity, whether you are under control or whether you are not, and as to the proposition of taking the American liberty and rights away from you, we need that taken away from us. I cannot manage my business. No. Why? Because I have got to let the factor do it. He has got to tell me what to do, and it is the same way with the rest of us or most of us.

Now, gentlemen, I am going to ask this and plead for cooperation.

This need not go into the record, Judge, it is a little illustration that reminds me of what a fellow said in regard to the cooperative spirit. He said when he walked into his home he went to his dining room or his kitchen and he saw something there which impressed him more forcibly than anything he ever saw before in reference to cooperation. He saw on the floor a slice of bread with a bunch of ants under that bread carrying across the room, and over on the other side of the kitchen he saw eight or ten cockroaches running around helter-skelter, and those little ants were cooperating and sticking shoulder to shoulder,

and carrying that slice of bread to a hole in the wall ready to make their meal off of that bread, and the roaches were running around and getting nothing.

Now we can run around and not stick together, and it has been so from time immemorial that the turpentine processors cannot stick together, and I believe if we will get together shoulder to shoulder, if it is the best thing not to have an agreement I want to have that. If it is the best thing for the industry to have a forcible control program, I want to have that.

Now as far as the Control Committee, going back to that, is concerned, I am a member of it, and I do not care whether I get on it again or not, I would rather not be on it, to be frank with you, because you get nothing but abuse and knocks and cursing, when you try to do the best you can.

I thank you, Judge.

PRESIDING OFFICER GIFFORD: At this time, in view of the statement that Mr. Black made and his request for an amendment, I believe that Major Barkalow had better make a brief explanation, so that each and every one will understand the limitations that the members of the government are under in reference to your loan program. I believe that statement should be made at this time, so you will all understand it.

STATEMENT BY R. H. BARKALOW
LEGAL DIVISION,
DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

MR. BARKALOW: I believe that part of the agreement to which Mr. Black refers is Article XV, with respect to loans. Under the Act under which this document is drawn, there is no provision under which we can provide for a loan or that authorizes us to loan or the amount of that. The only

thing that we can place in this document is the provision that a loan which may be granted by the R.F.C. under section 5 of that Act, shall not be in excess of an amount which will be determined by the evidence which will be determined by the evidence produced here.

Mr. Black referred to having the price pegged as they do for other crops. That, of course, is done under other acts; you have the Bankhead Act, but we have no such act for naval stores. Now, can we fix a minimum price. There was in this act at one time such a provision, but that was taken from the act as it passed from one house to another in Congress. So the only thing that we can provide for here is that those who sign the agreement will be eligible for loans provided they meet the requirements of section 5 of the R.F.C. Act.

Now when we come down to that part of the Act I will be glad to ask some questions so that we can try to set an amount in there which the loan cannot be in excess of. We cannot place in there an amount for the minimum size, and I might add at this time, although I did not expect to bring it up now, that under the new act which we now have, it is necessary to make a complete record to support every provision which is in the agreement. The record after it is made, will be the basis of the agreement which is sent to you to be signed. We must have facts to support everything that goes in there. We must stick to facts, and if you feel that something in there is wrong, then you can produce that showing that it should be changed somehow, and a study will be made of both sides of that problem, and the final draft submitted to you will carry a provision which meets the evidence produced here.

Under the late decisions of the Supreme Court, it is necessary that we have guides and limitations and standards. We cannot write

anything in here that we want to write in here. We must write in here provisions which are supported by the evidence which you produce here, so I would like to ask all of you as we take up each provision, that you give us facts, not opinion but facts so that we can take those together, make a finding and prepare an agreement to meet the facts which you produced at this hearing.

PRESIDING OFFICER GIFFORD: At this time let me caution you again that if any of you want to order a personal copy of this record that you will tend to it during the intermission. You are required to pay for it. You make the contract with the reporter, and so at this time we will take a five minute recess and if any of you desire to place an order for the record, you should do so at this time in order to get it at the very lowest price.

We will now take a five minute intermission.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: We have made a change in the hopes of making it better for you folks to hear. I wish you would tell me if you do hear better or worse. Do not take this down, Mr. Reporter.

(A discussion followed off the record.)

PRESIDING OFFICER GIFFORD: Mr. Speh has just informed me that he has made arrangements by which we can get the Mayflower roof, which has speaking facilities in connection with it, and when we adjourn at the lunch hour we will adjourn to reconvene at 2 o'clock on the Mayflower roof.

We will proceed with the hearing until the lunch hour here, and if you will help me as best you can, I think we will be able to make you hear until that time. We will do our best anyhow.

At recess we were having a discussion from those who are in favor of an agreement of some kind. Is there anyone else who desires to speak in support of an agreement and order?

TESTIMONY OF E. A. McCOLSKEY,
producer,
LAKE CITY, FLORIDA.

(The witness was duly sworn by the Presiding Officer.)

MR. McCOLSKEY: Gentlemen, I am not a member of the Control Committee today. Up until the first of July, from its beginning, I was. I agreed to take this place when it was first mentioned to me provided that I could be worth something to the industry. I was elected and to the end, when I went out--I did not run the last time, I asked that my name be not presented, but I did not--but I did my best and gave the best services that I had.

One thing that I would like to mention just here is that in 1932 the first committee that went to Washington, the loans were made at $40 per unit. Turpentine and rosin were selling at a little above $40 at that time, $41 to $42. We soon found that $40 a unit loan would not benefit us but very little. So we got our committee back to Washington. They were up there for quite a while. They finally completed arrangements by which we would get $50 a unit. At that time about half of the crop was sold. The other half was to be marketed.

About 250,000 barrels to be marketed the balance of the season. At $10 more a unit that made about $2,500,000 made that one day for the operators, and we have benefited from that one day's work in the naval stores business. I do not believe we would be getting the prices we are today or would have in 1935 if it had not been for the $50 loan we got in 1934.

I am in favor of some kind of agreement. I do not say that this is perfect, but we will have to work it out and make it satisfactory. There is no agreement that is going to be perfectly satisfactory to all of us because it is bound to hurt some of us. I don't believe there was ever any law passed that fitted everybody's business, and we are not going to get such an agreement, but if we do not have an agreement of some kind or another to protect the turpentine and rosin now being held by the government if that stuff is turned onto the market, what can you expect for 148,000 barrels of turpentine to be spread out over 1936?

That is all I have.

PRESIDING OFFICER GIFFORD: Anyone else desire to speak in support of the agreement.

TESTIMONY OF D. F. HOWELL,
producer,
OLUSTEE, FLORIDA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: State your name for the record, please.

MR. HOWELL: D. F. Howell, Olustee, Florida.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. HOWELL: Gentlemen, I am strongly in favor of a Control Committee or an agreement with the government to help us in our industry. In the absence of having it I am afraid that our business would go to wreck sure enough at this time. We know within ourselves that we have been unable to get together and organize and do anything by ourselves. We have tried to do that and we have completely failed and have not done it.

Now, if we can get this help from the government that we have had and get further help and get the bootlegging of our products cut out,

there isn't any reason in my opinion that we should not get the industry on its feet and go ahead and make a success of our business.

In the absence of an agreement I do not believe we can do but little for it. Therefore, I do hope we can get a successful agreement worked out and a control agreement worked out with the government for the aid of our industry.

PRESIDING OFFICER GIFFORD: Anyone else who desires to speak in support of the agreement and order?

(Witness excused.)

TESTIMONY OF C. C. CHAPPELL,
ONYX TURPENTINE CORPORATION,
NAVAL STORES, INC., AND
OCONEE NAVAL STORES COMPANY,
CORDELE, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Your name, please.

MR. CHAPPELL: C. C. Chappell, Cordele, Georgia.

PRESIDING OFFICER GIFFORD: All right, Mr. Chappell, you may proceed.

MR. CHAPPELL: Mr. Chairman and ladies and gentlemen, I favor a marketing agreement and control in some form, substantially in the form of the tentative agreement submitted here, and that approval is predicated upon proper administration and strict enforcement.

My reason for favoring it is, I cannot see anything ahead for the industry in the next two or three years except practical disaster, unless we do have some form of agreement and some form of control. Unless we can reduce the crop or prevent its increase so as to permit the government to continue to carry its stock or to fix it so those stocks can be disposed of without ruinous price cutting, I cannot see any aid for us in the next two or three years or any hope for us, and that is my reason for favoring it.

PRESIDING OFFICER GIFFORD: Anyone else who desires to speak in favor of the proposed marketing agreement and order?

(Witness excused.)

TESTIMONY OF L. M. AUTREY
producer,
VALDOSTA, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Give your name, please.

MR. AUTREY: L. M. Autrey.

PRESIDING OFFICER GIFFORD: I am assuming all these witnesses are producers.

MR. AUTREY: Yes, sir.

PRESIDING OFFICER GIFFORD: Also distributors.

MR. AUTREY: I think that notwithstanding the fact that the Control Committee under the present agreement or the agreement that was broken a month or two ago, has had lots of knocking. Nevertheless, I think it has done a wonderful good for the turpentine business. Had it not been for this loan that was made to these fellows by the government we would have had a much lower market. I think everyone will agree with that. In other words, I will put it in this form: I do not believe we have appreciated up to now what the government has done for us. They have put out a lot of money in buying up this turpentine and in buying up this rosin. I don't know how many thousands of dollars they have put out but they have certainly put out a lot of money and had it not been for that we would have had to sell turpentine and rosin much cheaper.

There has been a lot of criticism of the Control Committee, and your humble servant here is guilty. I have been a knocker myself. I do not feel, however, that they could please everybody. They certainly did

not please me. But, after all is said and done, I believe our industry should have some organization, should have some way to cooperate with the government along the same lines as they cooperate with other organizations.

If you will go back and figure what we were getting for turpentine and rosin before this $50 was loan was announced you will see what it meant for us and what it has meant for us, and I say notwithstanding there might be lots of opposition and probably there is lots of opposition to the contract, nevertheless I think we should all get a sober mind and think this thing through and think what it has meant for us and then we will see that we have been bettered by it, that we have gotten a much better price for our turpentine and our rosin than we would have gotten otherwise.

Of course, I think there should be some changes made along the lines of cutting down bootlegging, illegitimate selling and things like that, but I say this also that even if that was done, after all we are much better off by having had this marketing agreement and having had this control, and the only thing I am proud of is that I was not a member of that Control Committee.

PRESIDING OFFICER GIFFORD: Gentlemen, in this discussion as to the support of the agreement you are free to discuss modifying this agreement, that is generally.

Who else desires to speak in support of the marketing agreement, that is a marketing agreement of some type and an order?

(No response.)

PRESIDING OFFICER GIFFORD: Mr. Ward has just called my attention to a letter he has received which he desires to read into the record. At this time we will permit him to do so.

MR. WARD: I have a letter here from one of the factor houses which speaks for itself and I have been asked, as a matter of fact to make it a part of the record. It is addressed to me and the parties could not be here and that is the purpose of having sent this letter.

This letter is from the Taylor, Lowenstein & Company, naval stores factors and exporters, Mobile, Alabama, and reads as follows, being dated October 28, 1935:

"As we have not arranged to have a representative at the hearing to be held in Jacksonville we have thought it well to express our views to you in a letter.

"There is some activity in this locality towards new production another season. The more favorable prices that have prevailed the past two or three months have encouraged the producers to expand their operations and we imagine this condition is generally the same throughout the turpentine belt. With this in mind it is our belief that unless next year's crop is controlled that we will have a much larger production than has been the case this season. In addition the manufacturers of Steam Distilled Turpentine and Rosin have enjoyed a very excellent demand for their products and especially in the case of turpentine they have been unable to supply the demand. We hear of two new plants that are to be erected, and the plants that are at present under operation will no doubt increase their production, if they are left free to do as they please.

"Some disposition of the heavy stocks now under CCC loans will have to be made soon, so if this has to be absorbed as well as a heavy crop next year, we would expect to see low prices and unfavorable conditions.

"If some plan could be worked out and a large percentage of those interested in the industry would approve of and agree to live up to its

terms, and if its conditions could be enforced, we would favor it. We think it should involve government subsidy to put us in line with other countries and make the exportation of surplus stocks easier."

"Yours very truly,

"Taylor, Lowenstein & Co."

PRESIDING OFFICER GIFFORD: Is there anyone else who desires to speak generally in support of this proposed marketing agreement and order?

TESTIMONY OF THOMAS J. AYCOCK,
JACKSONVILLE, FLORIDA,
REPRESENTING AYCOCK-LINDSEY CORP.,
SHAMROCK, FLORIDA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you please give us your name.

MR. AYCOCK: Thomas J. Aycock, Jacksonville, Florida.

PRESIDING OFFICER GIFFORD: You are a producer, I presume?

MR. AYCOCK: I certainly am, sir. Can't you look at me and tell that?

At the outset I want to congratulate the gentlemen for coming in to this meeting today. This is the first time I ever saw such an outstanding bunch of fine people come to a meeting, except at a time when they were all broke and looking for help.

It seems to me they are here today looking for a way to get back on the skids.

I am reminded by the turpentine industry, Mr. Chairman, if I may digress a moment, of the old gentleman whose wife had been imploring him for years to buy a sewing machine. His reply always was that he would buy it as soon as he got straight. A little prosperity would come along and the old man would get nearly straight and he would do some foolish thing and back into the dumps he would go. That kept up for several years. Finally the old man died and when his wife walked by the casket

she looked him in the face and said, "Well, old man, you are straight and I am going to buy that sewing machine."

This industry reminds me of that. Several times we have had the industry on the verge of prosperity and every time something came up that set it back into the dumps. The producers themselves are their worse enemies and that is exactly what you gentlemen are clamoring to do at the present time, and God help you if you do not stop and think.

As I recollect my figures, in the last few years the wood industry has produced perhaps between 20 and 25 percent of naval stores. Am I right?

A VOICE: It produces 18 percent of turpentine and 24 percent of the rosin.

MR. AYCOCK: 18 percent of turpentine and 24 percent of rosin; my figures are approximate correct. 20 to 25 percent.

Gentlemen, if you keep going in this chaotic condition over a few years more, the wood industry, through their methods of marketing and through their strict adherence to business principles, their testing and research, their total percentage of the crop of naval stores will continue to increase until you will be in the same shape the old man was in and then your wife can buy a sewing machine.

This is a serious situation you gentlemen are facing. A great many of you, and I have talked to men from all parts of this turpentine belt, are thoroughly dissatisfied with the Control Committee, and have some little grievances here and there, which is perfectly natural, but I implore you not to lose your sense of balance because you are dissatisfied for some reason. If you do not like the Control Committee, get another one, but someone else at the head of it. When you organize a corporation

and start out if they do not make a success the first year, do you quit? No, you change the management. There is not a man within the sound of my voice who if he had entire control of the turpentine industry, who would not, the first move he made, find out what the consumption would be and adjust his production accordingly. Show me any man that is here today against this control and he dare not deny that that is exactly what you would do.

Now, gentlemen, it is up to you as to whether you control your production in line with the world's consumption or whether you blindly go out and increase your crop as laid down without control and find yourselves right back in the hole before the year 1936 is over.

Remember this: you gentlemen are the ones that suffer first through overproduction. The factor does not suffer for it. The dealer does not suffer. Then, in the name of God Almighty, are you people here not competent to handle your own business without going and asking someone else what to do when every man is on another horse?

If you do not like the Control Committee, as I said, change them, but stick to the method of control of production.

I was just talking this week with a cup salesman that went out through the State of Georgia on one trip and sold 400 cups, plates and cups on the first trip. One man gave him an order for five cups provided there was control of the crop next year. If there was not a control he wanted 20 cups. With this government surplus hanging over your heads, do you mean to tell me that you sane men can beat it by your dislike of any individual connected with the control of the crop during the past--can you stampede it into ruining yourselves and your own financial interests? You are the boys that get up before daylight

and stay up after night producing turpentine. You are the first ones to lose. What do you want to do? Go to the old method of every man for himself and the devil take the hindmost? Increase your crop thinking your next door neighbor won't increase his and thereby you will profit, when your next door neighbor is doing the same thing?

Think, gentlemen, before you act. There will be 650,000 units made in 1936 without control. How are you going to market it, and what are you going to get for it? Who are you going to sell it to?

I am not speaking of this kind of control, this method of control; I am speaking of control. If you don't like that, get together. This industry has sufficient brains to get together and form a control, but don't make more than the world will consume, and take into consideration, gentlemen, the surplus that is hanging over your heads today.

I thank you.

PRESIDING OFFICER GIFFORD: I think at this time, gentlemen, in order that we may continue in better quarters so far as hearing is concerned, we will adjourn at this time until two o'clock, to meet at the Mayflower Hotel, in a room at the Mayflower Hotel.

I think Mr. Speh desires to make a statement.

MR. SPEH: Just one minute, gentlemen. You all know where the Mayflower Hotel is located. We will have better accommodations there, a larger room, more seats, better ventilation and a loud speaker system.

There is only one objection, and that is that there are only two elevators, so that you won't be able to get in and out as rapidly as you can here, so please do not delay starting over for the afternoon session by waiting until five minutes of two to come over. Come over as far ahead of time as you can, and you will find it a very comfortable

place. I am asked to announce that in return for the privilege of using that room, to merely announce that the Hotel Mayflower and the Hotel George Washington are prepared to serve luncheon to anyone who is interested in the meeting.

(Thereupon, at 12:05 o'clock p.m., a recess was taken until 2:00 o'clock p.m.)

BEFORE THE SECRETARY OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

In re:	:	Docket No. A.8 - 0.8.
Hearing with reference to a PROPOSED MARKETING AGREEMENT and PROPOSED ORDER for HANDLERS OF NAVAL STORES.	:	Naval Stores.
	:	Jacksonville, Fla.

The hearing was resumed at the Mayflower Hotel, Jacksonville, Florida, at 2:00 o'clock p.m.

PRESIDING OFFICER GIFFORD: The hearing will come to order, please.

It is quite warm, gentlemen, up here, notwithstanding the added ventilation we have, so if there are any of you who want to remove your coats feel perfectly free to do so and make yourselves just as comfortable as possible.

At the adjournment for lunch we were discussing the question as to the advisability of a continuation of some kind of control. At this time if there is anyone who desires to speak in support of a continuation of control of some kind we will be glad for you to come forward now and do so.

We have a microphone here through which you can all hear, I am quite sure, if they will just approach the microphone to speak.

MR. OTTMER: Mr. Chairman--

PRESIDING OFFICER GIFFORD: Will you come forward and be sworn, please.

MR. OTTMER: Yes, sir.

TESTIMONY OF W. M. OTTMEIR,
FARGO, GEORGIA,
REPRESENTING SUPERIOR PINE PRODUCTS.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you give your name to the reporter, please?

MR. OTTMEIR: W. M. Ottmeir.

PRESIDING OFFICER GIFFORD: And your address, please.

MR. OTTMEIR: Fargo, Georgia.

PRESIDING OFFICER GIFFORD: And your representation, Mr. Ottmeir?

MR. OTTMEIR: Superior Pine Products.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. OTTMEIR: Mr. Chairman, ladies and gentlemen of the audience, we have heard quite a number of men speak wholeheartedly in support of the marketing agreement this morning and I believe that most of these men are sincere in their thoughts that we need some method of control. I believe the Control Committee has been fair in believing that some control methods are necessary, but so far as our control methods that we have had, they have been long drawn out agreements, and I would like to suggest at this time that we put the control of our turpentine crop out in the woods where it belongs.

We have in this present written agreement a paragraph which I believe if extended probably to the length of one full page would make a marketing agreement that would be more effective and possibly go further towards controlling our industry than what we have. I would like to suggest at this time that our control measures be based solely and entirely on a diameter of the tree basis. In other words, control our output from our timber right in the woods which is the only

place it ever can be controlled, which can ever be a control method to take care of our crop of turpentine. If we are going to control the amount that goes on the market we are either going to have not to make it or make it and hold it, and the best way to control this, as I say, is in the diameter of the tree worked.

It has been shown by statements made by the Regional Forest Survey that approximately 30 percent of the turpentine put on the market is made from trees under 9 inches in diameter, and I believe of this 30 percent most of the operators in this room today will consider it unprofitable to turpentine, I believe they will consider it unprofitable to turpentine trees six, seven or eight inches. If this can be taken off the market I sincerely believe that our turpentine will reach a control that will be understandable by the backwoods turpentine operator. The agreement that we have today, a large percentage of the small operators do not understand what it is all about, and a lot of them would not sign an agreement of this kind for anything, but give them an agreement which is in their own language--the backwoods talk--and if you say they cannot hang a cup on a tree under nine inches, nine and one-half or ten inches, whatever you have, he will understand it, and he can make his plans, make his plans a year ahead of time or make his plans ten years ahead of time.

With the present marketing agreement a man cannot make his plans in time to begin his present operations.

I believe if we go back to the diameter limit solely that we will accomplish a result that we will never accomplish by long drawn out agreements of tags. I believe today that the only tag which should be put on a barrel of rosin or a cask of turpentine is a tax possibly put on for research or advertisement. In other words, you will work

your timber, the larger diameter timber you can work more profitably. The operator can advertise, and possibly, if necessary, take a little less for his turpentine and make a profit. There is not an operator here today who would not rather sell 25 cent turpentine if he could make a nickel or a dime a gallon, than to sell 50 cent turpentine and lose 5 cents a gallon.

Instead of decreasing the market, we have got to increase it. Our tax can go for research and advertising and stimulating a greater demand for our product, rather than run the price up to where we reduce our demand.

I believe if this marketing agreement was drawn up on one sheet of paper and based entirely on a diameter limit, and possibly followed a year or two later by some forest practice method, fire prevention, etc., I believe we would get a long way toward getting a marketing agreement.

I thank you.

PRESIDING OFFICER GIFFORD: Mr. Ottmeir.

MR. OTTMEIR: Yes, sir.

PRESIDING OFFICER GIFFORD: I think we desire to ask you some questions, please.

MR. OTTMEIR: I beg your pardon?

PRESIDING OFFICER GIFFORD: I think Mr. Gold desires to ask you some questions.

MR. OTTMEIR: Yes, sir.

MR. GOLD: Mr. Ottmeir, I want to ask you about how much of the production today is on trees of 9½ inches or less?

MR. OTTMEIR: The question has been asked how much of the production is on trees 9 inches or less.

The only report I think that we have--that is, that I know of, is

from a regional survey made by Captain I. F. Eldredge, and I wish he was here today to substantiate these statements, but I think they are in print--is that approximately 30 percent of the crop was on timber under 9 inches in diameter.

While I am here I would like to make one further statement as to why I ask the use of diameter as a basis, and that is, we would have very little trouble in regulating it. We would not have to see if a man had tags. Anyone could ride through his woods and see whether or not he was working his timber in accordance with regulations or not, and I believe we would have a lot less trouble.

MR. GOLD: I would like to ask you, Mr. Ottmeir--

MR. OTTMEIR: Yes, sir.

MR. GOLD: --if this timber that is worked 9 inches or less is under lease or some type of contract?

MR. OTTMEIR: Well, that would have to be taken--timber growing is not a matter of a few minutes or a few hours. It is a matter of years.

MR. GOLD: Yes.

MR. OTTMEIR: And a control measure to really become effective to its fullest effect might take a period of several years, and the more we try to hurry the worse fix we get in.

MR. GOLD: How would you expect to set aside contracts or leases in order to put in effect your measure?

MR. OTTMEIR: The main thing would be that no virgin timber would be hung on trees that were given a diameter limit. That diameter limit could be made, say, 9 inches this year, and if that does not control sufficiently, make it 10 inches, because the whole thing is, a man is going to have his timber taken away from him. He is going to have to reduce his production,

and why reduce it after he has made it? Reduce it before he makes it, and let him reduce it to his best advantage, which is by throwing off the smallest trees.

It is generally conceded by turpentine people that it is really unprofitable to work timber under 9 inches in diameter. In other words, if a man had a total operation on 80 trees he would operate at a loss, even on today's market. Therefore, every tree that he works under 9 inches is bound to reduce his profit.

MR. GOLD: How soon do you think a program of that type that you have in mind would effectively control production?

MR. OTTMEIR: I believe that within two or three years it would show its fullest effect.

I believe also that in two or three years' time with proper advertising and proper woods methods by operators themselves, I believe that instead of figuring on 450,000 units, I believe our production would be increased because the operator could make cheaper turpentine. We could do away with the substitutes and we would not have to worry about helping these other countries out by putting our prices up to where they can afford to work their poorly producing timber rather than to buy our turpentine.

MR. GOLD: Then this program you are talking about is not a program for 1936?

MR. OTTMEIR: I beg your pardon?

MR. GOLD: I say, the program that you are discussing is not a program for 1936?

MR. OTTMEIR: I would suggest that we start immediately.

MR. GOLD: Do you feel that it would have much effect?

MR. OTTMEIR: It would not have a great deal of effect on new timber

hung this year. The minute the agreement is signed that thing could be put into effect immediately and the man would know what he could work, but if we could not put it in effect this year, why, make it hold over until next year.

MR. GOLD: In your opinion would it have any effect on the present timber other than virgin timber, in 1936?

MR. OTTMEIR: Well, it would effect some prospective operators, people who are going in for new allotments, and I believe the operator himself would be better satisfied because he would immediately know, if he were to lease a piece of land or contemplated leasing a piece of land, by this method, if this were put into a law, within the next week or two weeks, he would know immediately whether or not to lease that piece of land.

But if this thing here were put into a law it would be January before he would know what his allotment was going to be and he could not make his plans for the coming year satisfactorily, and he would either have a lot of extra output in the way of turpentine cups, tins and possibly houses built that he would not have if it were on a diameter basis because he would know what he could do.

MR. GOLD: I believe that is all.

PRESIDING OFFICER GIFFORD: I think Major Barkalow also has a question to ask you, Mr. Ottmeir.

MR. OTTMEIR: Yes, sir.

MR. BARKALOW: Mr. Ottmeir, I believe that you said that by riding through the woods such a position could be enforced. Would it be possible to see whether or not a tree under 9 inches had been used?

MR. OTTMEIR: Yes.

MR. BARKALOW: How many do you foresee that it would take to ride through the woods to enforce such a provision throughout the entire turpentine belt from the Gulf up through North Carolina?

MR. OTTMEIR: I could not tell you the exact number of men, but I would say this, that it possibly would take less than 10 percent of the overhead to enforce such a measure that you would have to enforce any agreement that we have seen.

MR. BARKALOW: Do you feel then that such a provision if used alone would be enforceable?

MR. OTTMEIR: I believe so, I believe you will find the operators will cooperate wholeheartedly on such a program. If you talked to a number of operators, I believe whether the law would be constitutional or not, I believe you could get the operators to cooperate without ever taking any case to a Supreme Court decision.

MR. BARKALOW: Of course, you appreciate I presume that under the act we must regulate interstate commerce.

Do you consider the cutting of a pine tree in the state of, say, Georgia, to be interstate commerce?

MR. OTTMEIR: The cutting of one tree within the State of Georgia?

MR. BARKALOW: Yes.

MR. OTTMEIR: No, it is not moved out of the state.

MR. BARKALOW: Then how do you assume we are going to regulate the size of the tree that can be tapped?

MR. OTTMEIR: Well, what we are after as I understand it is a measure of control, and say, it may be unconstitutional and yet you passed a law sometime back--of course, they have repealed it now--you passed a law sometime back prohibiting the manufacture and sale of liquor, and I don't see why we couldn't pass a law on that same basis.

In the first place, it will meet with public approval, that is, the turpentine operators.

MR. BARKALOW: You foresee then a necessity of additional legislation before we could have such control?

MR. OTTMEIR: I believe you could get the operators to sign the agreement. I believe you could get all of the operators to sign an agreement, at least 99 percent of them, to abide by such a provision.

MR. BARKALOW: With reference to the fact that the Act--

MR. OTTMEIR: Well, I don't know whether that would be necessary or not.

MR. BARKALOW: Well, if we work under this Act, you understand, we must regulate interstate commerce.

MR. OTTMEIR: Well, the details of that could be worked out. I believe there should be some way to work it out. It seems from my talking here and correspondence with various operators that would be the safest way.

And, we have had remarks made here today of a vast amount of turpentine and rosin being held by the government on loans. That is not going to help any operator, because to hold it is not going to reduce production. If you make it and hold it, it is not going to help any.

In other words, suppose that the government were to try this program and instead of lending him money on his stuff after he has made it, lend him money to pay his taxes to keep his timber off of the market. A man that has got a piece of timber that is too small to work, he has to pay taxes on it, and so let the government start a program to lend him the money because he is keeping his timber off of the market.

The stuff we have got today that the government is holding, the government might say may be tomorrow, for all we know, they might do like they did with the agreement and the CCC, dump the whole thing on the market.

MR. BANKALOW: Then the plan that you speak of would also call for additional legislation under which we could lend money to those who do not produce.

MR. OTTMER: That may come next year, if it takes legislation, but we are going to have something that is beneficial.

I think my criticism has been constructive because I think it is one plan that will succeed. It has been in the agreement, but it is one part of the agreement that no one ever pays any attention to. I mean the Control Committee. There is no one that ever went to the woods to see whether they were working trees under 9 inches.

One man in a day can cover, no telling how many hundreds of thousands of acres.

MR. BANKALOW: I think it is, as you say, constructive, and I am still trying to find out how we could under the Act have put such a program into effect.

As you will notice in Article IV, Section 2, paragraph 3, as written, no contracting handler shall, handling--no contracting handler shall handle any naval stores derived from any crude gum taken from any living pine tree less than 9 inches in diameter.

Now, under the Act which we now have it would appear that that is the only way we can get to that, and if we are going into the woods without additional legislation I don't see how we could prohibit a man from using a tree that was not of that size unless it is through handling in interstate commerce.

Now, if you have any plan whereby we can do that under this Act I would be very glad to do it.

MR. OTTMEIR: Practically all of his production is handled through interstate commerce after it is manufactured.

If that won't work, why should it be written into the present agreement? It is in there, and that thing could be amplified and explained and put down in such a way--in other words, I spoke to four or five operators today. They are not real small operators but they are real backwoods operators. They know turpentine. They knew turpentine before I was born, but they tell me that they read through these agreements and that they were never able to understand them, but they will understand the tree diameter, and what I think we want is something that is going to give us the most help.

Let's just try this one thing. It won't cost anybody anything. In fact it will help every man, because I should say from our own standpoint that we operate today on that principle.

MR. BARKALOW: Well, as you say, it is in there now, but it is in there as a control of interstate commerce and it is not in there as control of the size of the tree that a man can tap, and unless you have some plan whereby we can control that tree and have the function of tapping the tree made interstate commerce I don't see how, under our present Act, we can go beyond what we have done here.

I am open to suggestions.

MR. OTTMEIR: Well, of course, it would probably take a lawyer to work out those details, but I imagine there are plenty of them here. If we can get together on that, we can put that in there.

MR. BARKALOW: I should be glad to hear from some of the legal minds on that point.

(No response.)

PRESIDING OFFICER GIFFORD: Is there any further questions of Mr. Ottmeir?

(No response.)

PRESIDING OFFICER GIFFORD: If not, thank you.

MR. BLACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Black.

MR. BLACK: I would like to ask one question.

PRESIDING OFFICER GIFFORD: State the question to the Chair.

MR. BLACK: Mr. Ottmeir, you made the statement that the Control Committee did not take any cognizance of the fact of violations of the last agreement in reference to the conservation clause, did you not?

MR. OTTMEIR: Well, I should say they made no effort, as I can see, to curb it, because I have seen timber hung that was under the diameter limit, in various places.

I don't mean by that, that the committee, the Control Committee was lax. I meant they possibly had no way of enforcing it, no method of going about it, but there was very little effort outside of passing out measurement sticks to use on the trees. That is my personal opinion in our section, where I have seen timber, and I can take you to timber that was hung last year, quite a bit of it, under 9 inches.

MR. BLACK: Mr. Chairman, I would like to make a statement to clarify the statement that I am satisfied gave out the impression to the operators, that so far as this statement was concerned, I want to say this, gentlemen, that as a member of the Control Committee, that we warned numbers and numbers of men before that Committee for putting cups on timber under 9 inches, and the reason that we did not cite them to Washington was because the penalty under the last agreement was the taking and cancelling

of their license and I did not think it was sufficient to go to Washington to ask the abolition of his license for putting cups on timber under 9 inches. I know that we had from 15 to 20 cited before that committee for placing cups on timber under 9 inches, and I have a man right here whocan certify to that.

MR. OTTMEIR: I would like to say--

PRESIDING OFFICER GIFFORD: Now, gentlemen, I am perfectly willing--

MR. BLACK: Just one other statement, Judge, if I am allowed to make the statement.

PRESIDING OFFICER GIFFORD: You make your statement and then I will make my explanation.

MR. BLACK: That is, that the Control Committee instructed these men that they would get no tags if they still kept on putting cups on timber under 9 inches in diameter and 4½ feet above the ground.

MR. OTTMEIR: I did not mean to criticize the Control Committee at all. I meant that the agreement we have is so complicated and so many things in there, that a lot of operators never knew about 9 inches unless they were told, and furthermore they did not believe it would carry much weight, and I believe if we had an agreement where it was based primarily on that one phase, I believe we would get more wholehearted cooperation of all of the operators.

I would like to ask the gentleman if he does not believe that that would help a great deal more than a long-drawn-out agreement?

PRESIDING OFFICER GIFFORD: The question is not appropriate.

I will say this, gentlemen, ladies and gentlemen, that we are working upon a new agreement. If for any reason the former agreement has not accomplished all that you want, that is water over the dam. What we

are here to do is to see whether we can and should have a method of control, one that will be workable, one that will be enforceable. Without either of those elements no agreement and no order can help you. We realize that just as well as you do.

Therefore, let's talk to the future and not to the past, please.

Is there anyone else who desires to speak in favor of or in support of a control in this industry?

(Witness excused.)

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Will you come forward and be sworn, please.

MR. BENEDICT: Yes, sir.

TESTIMONY OF R.E. BENEDICT
BRUNSWICK, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: State your name, please.

MR. BENEDICT: R. E. Benedict.

PRESIDING OFFICER GIFFORD: And your address, please.

MR. BENEDICT: Brunswick, Georgia.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. BENEDICT: Mr. Chairman, I want to say that I fully agree with Mr. Ottmeir in what he said. I am for an agreement. I think after we have had two years of this and have been together, and while we have made mistakes, we have been together as producers, in the interest of producers, and I think it would be a crime if we had to give it up. However, I am going to vote against the agreement if it contains the present allotment system.

I would like to explain just why I am opposing the present allotment system.

PRESIDING OFFICER GIFFORD: Might I suggest this, Mr. Benedict.

MR. BENEDICT: Yes, sir.

PRESIDING OFFICER GIFFORD: That this is just generally whether or not you are in support of a control?

MR. BENEDICT: Yes, sir.

PRESIDING OFFICER GIFFORD: And I assure you that you will have ample opportunity to discuss the proposition that you want to discuss, and don't you think it would make the record in better sequence to discuss it when that provisions of the agreement comes up and we discuss that in detail? I would rather if you would do that.

MR. BENEDICT: Well, as to being in favor of an agreement, we are a small industry and we are besieged by substitutes, by people taking away our market. Half of our stuff goes in export, and we cannot control that individually, and I don't see that we have got any chance of increasing the consumption of our production unless we maintain some kind of an organization to fight for ourselves. We cannot get anything without fighting for it, and we are just going to drift down, if I may trust that this far, on the Chairman's limitation, I feel that the present system with its control of production--I mean the efforts on controlling production is purely a policy which is going to let us down and down, whereas if we adopt a duplicate system of trying to get more markets as well as limit temporarily the production we can get somewhere.

I want to make a definition or try to define, if I may, one of the reasons which makes me opposed to the present allotment system. I think this fair, Mr. Chairman.

This is a processors' agreement. I think under the law it is a processors' agreement, and yet we are producers. Now, our crop, our turpentine crop is not the crop we are working. It is the number of trees nine inches face that we have got.

For example, in my own case we have got about 50 percent of our 9 inch trees working. It is not enough to pay our taxes.

Now, we have paid for this land; we have paid for this timber, and yet we are prevented from harvesting. The present marketing agreement places a limitation on harvesting, not on the crop we have got. When we have this timber under 9 inches we have got a crop, and yet the marketing agreement and control is based on the amount we have harvested, which is purely accidental.

Some men that I know have refrained from hanging on anything for ten years, and yet now comes the time when they want to hang and they are new processors. They are going to get maybe a limit of five or ten crops.

I just want to end up by saying I do hope we will get a marketing agreement that will work, that can be enforced. We have got to have the law behind us because a lot of us have got to face court proceedings unless we obey the law.

I thank you.

PRESIDING OFFICER GIFFORD: Mr. Benedict, I do not want you to understand that I am limiting you or anyone else--

MR. BENEDICT: I do not understand that, Mr. Chairman.

PRESIDING OFFICER GIFFORD: --to that type of evidence, but it does strike me it would be more appropriate as a part of the discussion had of the particular item. I want to assure as we take those things up specifically, we will be glad to have you make any suggestions you desire, or anyone else to do the same.

Now, is there anyone else who desires to speak in support of a control program? If not, is there anyone who desires to speak in opposition of a control program?

TESTIMONY OF G. W. VAIN
Valdosta, Georgia.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Your name and address, please.

MR. VAIN, G. W. Vain, Valdosta, Georgia, and a member of the Control Committee.

Gentlemen, the first thing I want to say is to answer a question that was asked Mr. Newton this morning as to the unanimity of the Control Committee in submitting this proposition to the producers. When the margin agreement was arbitrarily and unfairly canceled on the producers on July 31, at the next meeting of the Control Committee, I took the position that our job had ended, that we had no other reason and no other grounds for functioning, and for that reason I did not think we had the right to submit any proposed marketing agreement to the government or anyone else.

I took the stand further that the funds in the hands of this Control Committee should be immediately refunded to the producers who had paid them in during the past sixteen months.

This was overwhelmingly voted down by the other members of the Committee and I immediately tendered my resignation and I have not attended any meeting since.

Now speaking as an individual, I am absolutely opposed to any further marketing agreement. I do not think it is workable; I do not think it is feasible. I think you are interfering with worlds' markets. I am opposed to any help or any loan from the government, feeling that it sticks here as a rod over us in future years. We might just as well take our medicine now as to take it at the end of 1936, 1937, or 1938. If we have produced more stuff than the world will consume, why we had better go broke than to --better go broke and give it up.

In reference to the proposed agreement which I had nothing to do with, I am absolutely opposed to every section of it. I am opposed to a marketing agreement where the government takes over each and every dictatorial power, yet they have nothing invested in the business and have rendered us no service. In this new proposed marketing agreement they have not even got the confidence in the producers to allow them to elect their own Control Committee. They are appointed. We cannot buy a postage stamp without it is approved by the Secretary of Agriculture, or some political friend of his that he sees fit to appoint as administrative officer.

I take the position that if the people, or a majority of these producers want a marketing agreement, let them work it out among themselves, and control the crops, without government interference. (Applause.)

PRESIDING OFFICER GIFFORD: Gentlemen, I fully appreciate your sentiment and your applause, but nevertheless we want to get through with this hearing sometime, and it just takes time and it does not do anybody any good.

Is there anyone else who wishes to speak in opposition to the proposed agreement and order?

TESTIMONY OF J. C. PACE
Pensacola, Florida.

(The witness was duly sworn by the Presiding Officer.)

MR. PACE: Mr. Chairman, and ladies and gentlemen: I opposed this at the beginning, and during the two years it has been in operation, and I oppose it more now. Why did I oppose it in the beginning? I did not believe then and neither do I believe now that the right of an individual to regiment his life back from what he had been in years gone by and bring it up to what it was when he started was something that was practicable.

I did not believe that an individual who worked his timber through should be denied the right to sell his products to better his condition and to pay his taxes. It is not a working or workable plan in my opinion, and I want to say here that my opinion is nothing more than my opinion, and just my idea of the thing, but I am with the government and I am for law and order, but when a man is denied the right to sell his stuff from his own labor and his own creation to pay his taxes or to help carry on his business and carry it on legitimately, denied that right and it is attempted to regiment him back from what he had been in years gone by and go back and fix his allotment on the five years preceding, I knew it could not work, because I do not believe that any man can live and regiment his life back. He cannot live it over.

Now I believe in enthusiasm and I believe in initiative. I believe that a man who loses money loses something. I believe if a man loses his character and loses his honor he loses a lot, but when he loses his courage he loses all.

I thought this Control Committee was dead. Hearing two of them speak this morning, I did not know whether they were trying to dig the grave deeper and rehearse the corpse, or trying to bring it back. And one of them in his talk spoke of his liberty.

Mr. Man--Mr. Chairman, excuse me--I am an American man, I believe in American government and I believe in the American system now and always. I believe in law and I believe in order. I do not believe in making changes and everything of that kind. I believe it is right and it is just if the stumps of this land will save this land in the future, these little trees, to let the stumps go ahead and be put into a commodity that will take the place of them. I traveled 300 miles two days ago and I saw small trees

being operated and chipped. I told the man traveling with me, "Kill it". The man that was doing it said it was chipping, largely. Knowing the load of turpentine and rosin in storage by the government, I asked him to quit chipping those little trees. He said, no, that they were going to chip all they could. Why? Well, they figured out that the government will furnish the money and keep sticking it up and keep pyramiding the prices, and we know we will never get it in spite of the government's supply of money.

It is not that. It is the thing that will carry a commodity that the world trade will take and provide for it. With all this rosin in storage I am here now to tell you, as I have always told you, that I am going to protect the government in trying to salvage that old rosin out. I am here to tell you that you cannot put that turpentine in tanks, you cannot set that rosin in the yard with those stays, the kind we use now, and keep it any length of time, without having deterioration in it.

On the other hand, if it was scattered throughout the world people would take it in in large quantities and take care of it themselves; but when you take it in large quantities and set a price for it the world has never taken it, and that is the basis of thought we ought to have about it now. I am against it; I was against it when it started and I am against it now.

Why? The principles of working in regimentation did not go far enough. When you regiment yourself back and take hold of life that is past, when will the time come when you want to designate a certain day and time to reestablish yourself in the new life on what you have done in the past.

I am opposed to it. I believe it is regulation that I am opposed to. I do not believe there are enough trees left in this country to yield any

such a number as 600,000 or 700,000 barrels of turpentine, and I have been at it 47 years.

I heard a man this morning say that this is liberty, and take his liberty away from him. Well, I will stand for American liberty as long as I live in this country and when I cease to support the government on a government law I will want to leave it. It takes loyalty to the country and we have that, but we cannot have government come into this industry and say we want the unit value at $60 or $70. It has never brought it in war times or in distress times. Why? It never was worth it. It never was worth it the way it is.

And I will say why I am for no government control. Some of these factors want control; others want a large loan. They say that that will control it, if you will put the loan value high enough. Where will the government stop if they put the loan value to suit every man at present here today? What would you say, and what would this man say. It cannot be done that way and it is not time yet to do it that way.

Now, I heard a little said this morning about a man who went out in the field to sell cups. Mr. Man, that may have been a replacement value. That may have been to replace some old cups that were deteriorated and insufficient to make the rosin. Four hundred cups in Georgia was not enough cups for new timber.

I am glad of one thing and that is that the man who would have to pay the burden of tax on a little tract of land is getting a price for his timber that helps him a lot, and you never saw such an excitement in the State of Georgia in your life, and as I say I have been in it for 47 years, with people chipping little saplings 9 inches and above.

I believe in conservation, I believe in the American government, I believe in the future of American life, but when we strike--when we try to strike down American spirits by restrictions and representation, I do not believe in that. That man said he would buy four cups and twenty if control is out. There is nothing in four cups. Every turpentine man has a little timber, and if he hasn't he will go to his neighbor and lease the timber, he is going out with the idea of making more than he ever did in the history of this industry. Why? He wants to think and he does think if they have control with the government behind it that will put the price at $68 or $75 and you will find the treasurer of the United States trying to move to Jacksonville, Mobile or Savannah.

I am not neutral, I am neither for nor against the thing. First, I am for the government. There is no neutrality in me. I do not believe I could be neutral and tell one thing this morning and do a different thing this evening. I believe in my opinion, so far as I think a thing is right, but it is nothing but an opinion, but when enacted into a law it is supposed to mean something to everyone. But, when a little man goes out there and pays his taxes by shipping his turpentine, 50 units against my 2,000, I am against it and against it now.

Now, the Control Committee is divided. I understand Mr. Barnes was on the Board, and some of them are not trying to kill it but I thought it was dead and I hope it is dead. The talk going around with some of the government field agents, namely Mr. Vandeman of New Orleans tells me this, the nation cannot produce a million more pounds of turpentine out of pine trees. It is impossible. There are not enough pine trees in this country on the Atlantic seashore or Gulf of Mexico and it cannot be done,

and when I hear of an operator who is going to chip all winter, I think why does he do it? Well, he wants to get a loan from the government, I reckon. And who is the government? Every barrel of turpentine, the way I understand it, that the government has advanced money on belongs to you, to every individual under the sovereignty of this nation. That is right. It is not mine. I sometimes think the government should issue an order to every man who has borrowed so much and owes so much, should issue an order and let him help take care of this surplus he has got now.

I am against it. I did not know this morning how some of the people here for the Control Committee felt about it. Mr. Black impressed me as being sorry he ever belonged to it. The way Mr. Newton talked I thought--well, I don't dispute that the Control Committee tried to do everything they could but I have expressed my opinion and I think I am right in my opinion when I say it could not be operated in the law what a man could operate his business and pay his expenses and be restricted from paying his own labor. It was said that a man was living by the sweat of his brow. Now, I do not want a man living by the sweat of his brow and so I give him something for it.

Pardon me, sir, but I am a timber owner and my boys operate it. When control is on other people reduced the price of chipping. I kept it up and I am going to keep it up, and I will tell you older people now I am thinking strongly of giving a man five pounds of meat and chicken of my own raising. I would rather give it to him than to see a man only working with the sweat of his brow.

And furthermore I do not want to deny a man liberty in this nation under a control agreement that you cannot make and sell a commodity without giving part of it away for the people's good.

I believe that is all I have to say, and I want to thank you, sir. I am a law-abiding man. Ask me any questions you wish.

MR. GOLD: Can you tell me what you think the production will be in 1936?

MR. PACE: The way these factors are going and these little saplings I do not believe it will be over 500,000 barrels, if that. I told the Control Committee when it first started it should be 450,000 barrels a year and not 381,000. Why? It was to give the people a livelihood for the things they have been doing and the only thing they could do to make a living.

MR. GOLD: You say you think the production next year will be 500,000 barrels?

MR. PACE: Not over, of the gum turpentine, out of the live trees.

MR. GOLD: What do you think the production is in 1935?

MR. PACE: For 1935?

MR. GOLD: Yes.

MR. PACE: About 450,000 or 460,000 barrels.

MR. GOLD: Do you know what the allotment for gum was in 1935?

MR. PACE: 436,000 barrels, I believe.

MR. GOLD: 450,000, and you do not know that there has been any production above 450,000 this year?

MR. PACE: No, sir, I do not.

MR. GOLD: And you think that the sum total next year will be 500,000?

MR. PACE: If these factors go out and buy all this little timber it will be, and pay an enormous price for it. That is right, sir, they can control it, but factors going out of business and then coming back

expecting the government to keep the price up when it is in distress and it is in distress; you cannot keep it in tanks unless you keep it sweetened up, as they call it. You cannot keep old rosin barrels around the yard without rotting, and I told them before I believe it is the right thing to help the government salvage this stuff that is in distress.

I will be glad to have anybody ask me questions.

PRESIDING OFFICER GIFFORD: Is there anyone else who desires to speak in opposition? Mr. Reese, do you have anything to say for this hearing before we start generally?

MR. REESE: Yes, sir, I will, gentlemen, but I think there are some others who want to be heard in opposition.

PRESIDING OFFICER GIFFORD: I thought we were just getting to the close, and I would be very glad to have you put your remarks in the record.

MR. BOOTH: Mr. Chairman, I would like to say a word, if you please.

PRESIDING OFFICER GIFFORD: Be sworn, please.

TESTIMONY OF W. S. BOOTH,
MANOR, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: What is your name?

MR. BOOTH: W. S. Booth.

PRESIDING OFFICER GIFFORD: You are a producer?

MR. BOOTH: Yes, sir, owner and producer. President of the Consolidated of the P.T.O., the largest in the United States. I mention that because I want to speak on conservation and other things.

Mr. Chairman and ladies and gentlemen, I do not know whether everything that I wish to say will be directly in the line of argument or germane to the subject, but I shall endeavor to try somewhat to keep within range and shall be willing to be called any time that I diverge too far.

the fact.

I noticed the statement from the Chair that the matter of the old marketing agreement was not in issue at this hearing, and I accept that as correct. It is very difficult, however, to properly discuss the proposed marketing agreement without referring to our store of experience, and because of that it may be necessary for me at times to refer to our experience with the previous agreement.

However, I dislike very much to ever have to refer to the dead, especially in any disrespectful manner.

In order that I may get somewhat closer to the line of my conception of the line of argument, I have a short brief here. I shall not take time to read it except just to keep myself as near the line as may be possible.

When I read in the reports that we will probably have a new agreement proposed, I wondered who was proposing it. That matter has been fully explained to my satisfaction, and in order, Mr. Chairman, if it is permissible to take just a little time, I would be glad to present as a part of the record my views as to the personnel and the activities formerly of the Control Committee and so forth as published in the Savannah Weekly Naval Stores Review and Journal of Trade of October 26, 1935.

PRESIDING OFFICER GIFFORD: Is it a personnel of the membership of the Control Committee?

MR. BOOTH: No, not personnel, but as to the proposed marketing agreement.

PRESIDING OFFICER GIFFORD: If there is no objection it may be read into the record.

MR. BOOTH (reading):

W. S. BOOTH EXPRESSES HIS VIEWS ON THE MARKETING AGREEMENT

Manor, Ga., October 25, 1935.

Weekly Naval Stores Review,
Savannah, Georgia.

First I desire to thank you in behalf of the naval stores producers and operators as well as in my own interest for the impartial and liberal policy of your paper in opening its columns for the expressions of views of turpentine and timber men in the discussion of their problems.

In the opinion of many operators there is no topic or problem more current and exciting more interest at this time than the new proposed marketing agreement and the hearing set for same in Jacksonville on 31st inst.

In following the development of this matter, after the suspension of the former agreement, I have been quite concerned and interested in the activities of the former Control Committee. I happen to know the personnel of this committee and feel sure that they have the interest of the industry at heart and would like to render it distinguished service.

I feel sure they are prompted by a real need of the industry and are faithfully trying to find a solution that would help the people interested.

Granting this confidence in their purpose, I have not the same confidence in their plan or method of accomplishment. The industry with its variety of workers and interests does not seem to yield to the treatment. We may concede that many of the objectionable features of the former agreement have been eliminated and cured in the proposed new instrument, the fact remains that it will deal with the same conditions and face the same major problems.

The greatest of which is to secure a reasonably uniform and impartial enforcement. This might be accomplished, if that faction or percentage of the operators who did not sign or signed and did hot comply could be eliminated, but I see no method or plan by which this defect is to be cured in the proposed agreement. A control or enforcement committee

will have to face the same people and conditions, with the same problems that wrote failure into the former.

What assurance have we that gum turpentine and rosin will not be freely "bootlegged" and marketed without regard to the restrictions laid down by the ruling majority? Sure there will be penalties, but who will enforce them and protect the honest signer of the agreement?

It may be possible, if every one who has to do with marketing of turpentine products could be brought to the mourner's bench, secure a confession for the past and a religious dedication to this new ritual, with the road so rough that it would not be possible to "backslide".

Since it will be freely conceded that this method would be unethical and impractical, I am sure it might as well be conceded that it would be just as easy of accomplishment as the enforcement of the proposed new agreement.

There are many arguments against a marketing agreement that I may here present if space were unlimited, but I do not want to trespass on your liberality.

Suffice it to be said that, with all the needs of renovation, reform and intelligent promotion of the industry, the proposed marketing agreement offers scant hope of accomplishment.

May I appeal to the turpentine operators, processors and workers, as well as timber owners to be present at the proposed hearing and express themselves in such a manner that the commission may get a fair and adequate view of the desires and feelings of the industry on this very important subject. Hope to meet you there. Don't wait till it is accomplished and then set up a howl.

Respectfully,

W. S. Booth.

I now want to acknowledge the receipt of these documents, and in regard to same I beg to say that I have read same with interest.

I find nothing new in this proposed marketing agreement and order that would in my opinion justify its adoption at this time.

In the light of the experience of the industry with the late marketing agreement, I would, to say the least, consider it stupid for the operators to assume to live over again that hectic period of the last one and one-half years.

It may be truthfully argued that the proposed marketing agreement offers some improvement over the former, namely, in a unified control or management, by joining all branches of the industry under one committee.

This may be admitted, yet the fact remains that it will be dealing with the same elements that furnished material for the late experiment. Up to this good hour there is no tangible evidence of a constitutional change for the better, in their disposition or temperament.

If perchance there may be found a solvent for these elements of human delinquency, it would still be impractical, because of intricacies involved in its enforcement and the impossibility of a fair and equitable administration.

I might say, Mr. Chairman and gentlemen, that these intricacies of administration involved so many elements that no control committee, I believe, would be able to solve the problems involved in fairness and in justice.

If all this were not true, the fact remains that it would not be sound in principle or feasible as a policy, because this country is conceded to be the majority producer of the world's supply of naval stores, with the

result that the major portion of our production has to be exported to other markets for sale.

In arguments in hearing on former agreement, it was freely contended that a proposal of the producers of this country to boost the price in this country to a point that would appear attractive to a depressed world and same sponsored by a most powerful government, would offer an inducement to every owner of a pine tree in the world to tap it, and take advantage of an enhanced income. Thus not only individuals, but governments were moved to find employment and new sources of income. That many would be spurred to activity to find substitutes or a new timber supply for exploitation.

When that argument was made it was merely a prediction.

On the other hand it was argued that we were the admitted dominating influence in the naval stores world and it remained for us to act and the world would follow.

As to which theory was correct, I shall in a measure leave you to decide, but desire to call to your attention the fact that our exports declined to such an extent that our prices became alarmingly low and it was necessary for the government to come to our rescue with loans that would take off a large percentage of the production and store that portion of the crop that should have been exported, under normal conditions.

The reports of sales resistance, because of uncertainty, the development and use of substitutes, such as mineral spirits, synthetic rosins and various foreign oil importations tells the story more tersely than any amount of verbiage that one may assemble here.

I read in reports of one of the countries we found selling turpentine, one among our best customers, that they were producing their own turpentine

and we were meeting them in Canada, Scandinavia and in Germany and Italy as competitors.

To this may be added the improvement of prices resulting from a free world flow of naval stores, rapidly following the collapse of artificial control under the agreement. It might also be mentioned that the recent "sinking spell" through which the market at this time is passing may be attributed to the revival of marketing agreement propaganda and the threat to sell products under loan, because the cooperage is not as new as it was a year ago.

To my mind it is evidence that the R.F.C. has developed a pronounced case of indigestion, which became acute in July. The doctors, so far have failed to find a corrective. I cannot at this time believe that more regulator and sedatives of the same kind, which initiated and developed it, will be the cure for it. For these reasons I desire to register my protest against the proposed marketing agreement or any agreement that provides for allotments and police enforcement.

I thank you.

Now, Mr. Chairman, if I may be permitted to do so, I will just say a word or two on the proposed marketing agreement. I am quite a conservationist. I would like to say something along that line if I may be permitted.

I want to agree with my friend Mr. Ottmeier in his proposition of conservation for the protection of the market through woods operations.

For the purpose of conservation of pine timber supply and protection of its owners and operators, I would suggest that the following provisions should and might be worked out:

First: Complete survey all classes of pine timbers available for the production of naval stores, which, by the way, I understand is in process of accomplishment through the forestry survey.

Second: Full and complete statistical information, as to production, stocks on hand, consumption, and so forth. This would include complete registration of all processors, with sworn annual statements of production. This too, is nearer the goal of authentic, dependable statistics than ever before.

Third: Assessment of all processors the sum of 30 cents per unit or such larger amount as may seem necessary for financing. When I say 30 cents I just use a nominal amount. Thirty cents per unit or such larger amount as may seem necessary for financing, administration, research, education and sales promotion.

Fourth: Administration by five or more directors to be elected by processors, two by timbers owners, who are not processors, two by factors and two by dealers, with cooperation and advice of United States Departments of Agriculture, Commerce and Bureau of Education.

I believe, gentlemen, that if every boy and girl in the schools of Georgia and every other state of this great Union of ours were properly taught and instructed and trained in the theory and science of timber conservation, in the possible uses and value of spirits of turpentine and of rosin--well, I do not believe it would be necessary to export a single gallon of turpentine or a single barrel of rosin beyond our shores to get the consumption of all of it at a fair price. There are literally thousands of people in this great country of ours who have never even so much as heard of turpentine or know anything of its value.

Fifth: I would advocate the passage of an act by the Congress, for payment of bonus or subsidy to all processors, who paid their dues or

assessment, in the sum of two dollars per unit for all their production for the year, to be paid upon proof of production. Provided no subsidy should be paid to any processor, who cupped and worked timbers of less size than 9 inches for one cup, and 14 inches for two cups, four and one-half feet above ground or chips timber more than thirty-two streaks in calendar year.

I know that chipping proposition is not popular, but you gentlemen know just as well as I know and many others of you a great deal better, that when we work our timber through the winter months, of course, we can get some turpentine, but we pay for it in the next year in decreased production, in dry faces, in debilitated timber, dead timber, and if we work these six or seven or eight inch saplings, you know further that there is nothing involved in the operation except a job of chipping and tapping. However, that turpentine developed in that way will meet our other turpentine made from the large and more profitable source and affect the market adversely.

Such subsidy to be paid from tax upon solvents, thinners and competitive products imported.

I would advocate an act to be passed by Congress if necessary. Of course that is a long way off and yet I assume that it would not be so difficult because this country stands for conservation.

When Mr. Pinchot and Mr. Roosevelt, and other men, away back yonder, began to talk conservation there was not very much attention paid to it, but with the development of our national life, with the frontier extended until there is no more frontier and pioneering is over, we have begun to think about conservation; and Mr. Chairman, I am not a lawyer nor a son of one and I shall not presume to speak of the constitutional questions

involved, because we, peradventure, shall have an outstanding constitutional lawyer to follow in this discussion, but it does seem to me that in this question of relief it is a national and state problem in Georgia, and that is the question of an adequate timber supply, not only for Georgians to operate for their living, but for the supply of an adequate amount of lumber and, if you please, of naval stores for the use of this nation would become in that degree a national question.

If the production of tobacco and cotton is important, and I happen to be familiar with some of those operations, since I have a contract for both, I do not see why it would not be equally important for turpentine.

Now someone, I do not recall who, made the statement this morning that the government owed to the turpentine producers a greater consideration, and if we could make a comparison, I should say so too, because I get my rental benefits--I get my rental benefits from cotton, I get my rental benefits from tobacco, I get my parity, if you please, and all those things that come along, but with my turpentine I get the joy of helping furnish, as one of my friends suggested, the guinea pig for the experiment, and I believe that if we are to be controlled, that if we are to be under a marketing agreement, if we are to be a member of the family, we should not be treated as a stepchild, but really should participate equally in the benefits that are being distributed.

But, coming back to the question--

A VOICE: Mr. Chairman, can't we set a limit of time for speeches.

PRESIDING OFFICER GIFFORD: We will take care of that later.

MR. BOOTH: I will be through in just a minute, Mr. Chairman.

Said subsidy to be paid from tax upon solvents, thinners and competitive products. (Linseed, soy bean, tung and so forth) as well as

white spirits and synthetic preparations, or other income from taxes on general imports. Dollars always carry a subtle effectiveness, not secured by statutes or bullets.

Sixth: This may be conservatively estimated to reduce production as follows: 20 percent for 1936 and 25 percent for succeeding years, which in itself should protect the market and thus the loans carried by the Commodity Credit Corporation. At the same time increase the profits to operators because of reduction of loss on working nonprofitable timbers.

Seventh: Over and above all the immediate benefits here mentioned, will the conservation and protection of the pine timber supply, for the enjoyment and use of more than a million men, women and children in the great southern pine belt and a material contribution to the aesthetic and physical values of this great country. When Kilmer wrote "That only God Could Make A Tree", he certainly must have been in "Pineygrove".

PRESIDING OFFICER GIFFORD: I desire to state for those who are interested in matters of conservation for your industry, that A. C. Shaw is present--

VOICES: Louder, please.

PRESIDING OFFICER GIFFORD: I desire to say for those who are interested in the conservation element as affects your industry, that Mr. A. C. Shaw of the Forest Service is here attending this hearing, and I am quite sure that if there are any of you who desire to discuss these problems with him, he will be very happy to do so. While we are not particularly interested in it so far as we are concerned, and can do nothing about it, yet I realize that conservation is an interesting matter, and a very necessary matter, and as to those who are particularly interested in it, Mr. Shaw will be glad to give you the opinions of the department and what the department can do in the way of assisting you in those matters.

Now is there anyone else who wishes to speak in opposition to the proposed marketing agreement and order?

MR. PACE: Mr. Chairman, I think you will remember that this morning Mr. Ward read a factors house letter and I wonder whether it went in the record.

PRESIDING OFFICER GIFFORD: Yes, it was read into the record this morning.

MR. PACE: I have a wire about it that I would like to have go into the record.

PRESIDING OFFICER GIFFORD: It will be received and incorporated into the record.

(Said document reads as follows:)

"Gainesville, Florida, October 31, 1935, 9:17 a.m.

"J. G. Pace -

"Care Turpentine and Rosin Factors,Inc., Jacksonville, Fla.

"Impossible to attend meeting today stop if necessary be glad you would represent my interest which consists of around four thousand units of turpentine for nineteen thirty five crop stop I oppose further organizing licensing or government interference of turpentine processors stop I fail to see that we have been benefited

"J. R. Moody, Orlando, Fla."

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Be sworn, please.

TESTIMONY OF T. S. BOYKIN
Waynesboro, Mississippi
Boykin and Son,
State Line, Mississippi.

(The witness was duly sworn by the Presiding Officer.)

MR. BOYKIN: T. S. Boykin, Waynesboro, Mississippi.

Mr. Chairman and gentlemen of the Hearing Committee and those assembled, two years ago about that time I opposed the marketing agreement and I now oppose the same agreement and I will oppose the same agreement in its present form. I cannot say what I might do if there was some other kind of an agreement submitted, but as submitted I should certainly vote no.

I agree the Chairman is right and that we should not go back and rehash old things.

By the way, let me take time to say here that I believe somebody has already quoted Gray's Elegy over the Control Committee, still they are pretty active, it seems like, but at any rate what I wanted to get at was this, thatin order to bring out what I wish to, Mr. Chairman, I shall have to refer to the old agreement to some extent.

Th opposition, as I see it, to the old control agreement was on the basis of allocation. I attended numerous meetings in Jacksonville before the Control Committee, in order that some members of the industry might get what they thought was a more desirable and fair allotment. I think you will all agree with me that our main trouble was exactly like that of the nigger who lived at one of my places, and who wanted to sell his cotton. Said I, "Why don't you take it down and sell it?" "I can't. I ain't got no stificate." Gentlemen, that was our trouble, most of us didn't have any "stificate".

I believe any agreement proposed now, unless it changes the plan of allotment in the old agreement, unless it is on a more fair basis than the old agreement when it came to reaching an allotment, would be such that I would say I would rather keep out and take my chances with the rest of the boys.

The cotton act is a little different than ours, if I may refer to another method of control. In that act, or in the administration of that act, we are told by the buyers of it that if you plant ten acres of cotton this year you must reduce your acreage we will say for the coming year, to eight, but never do they say that you can increase it to twelve. It is a decrease for everybody.

Under our old agreement, and as I take it under this agreement a man may be allowed to increase his stumpage and his output if he is favorably situated, and therefore the other man who necessarily is on the other side of the fence must have to decrease his stumpage and his output.

I say to you gentlemen I am not agreeable to that. I am sure the Secretary of Agriculture sent these gentlemen down here for the purpose of conducting this hearing to assist the industry and not any individuals. I am sure that that was the purpose of the hearing, and I agree with a number of the gentlemen who are in favor of the agreement, that this is a serious proposition. There is no question about that.

Our country has been, for the last two or three years, going through serious situations. I wish I had a plan that I could offer you gentlemen to cure the turpentine situation, a limited time plan. If the time limit was the panacea I would take that, but it is not. I want to say that 8-inch timber on a hill will run more than 12-inch longleaf, and you gentlemen know it.

There is one feature nobody has mentioned, and one thing that has been on my mind ever since I have been attending these committees and these meetings before the Control Committee, and that is to take care of the man who it seems to me is the hardest hit. All of my life I

have been for the underdog. When the clock shall tick once more I shall be a half a hundred. Should I live the other half I hope to spend that time in the effort to be of assistance to the underdog. What little I may have accomplished along that line I have been proud of.

It seems to me that the little gum fellow has been worse hit than anybody else, and the small operator. If we should have an agreement I certainly should favor a small exemption, as I believe it will not only be favored, but will be in the Bankhead Act so far as cotton control is concerned, for 1936. I am sure I state the views of Senator Harrison from Mississippi because he gave them to me personally and not secretly, when he said he favored the three bale exemption under the Bankhead Act.

And, it appears to me that the man out there working for a living for himself should have a small exemption, and the small processor and handler should have a small exemption. I certainly should favor those features.

Last Thursday, wishing to get the feeling of the processors, because our handlers all come from the southern section which is the poor section that is called the cow country, that is southern Mississippi, I addressed a number of operators in southern Mississippi and southwestern Alabama and asked them to meet me in Mobile. A number of them did. In fact, I believe there were 150. Anyway, we had a good representation there, and we had with us two members of the Control Committee, Mr. Speh and Mr. Gold from Washington, as well as Mr. Ward, and when the meeting was just about coming to a close I asked for a showing of hands of those who opposed the agreement, and practically every man there opposed any form of agreement.

I give you gentlemen that for this reason, because they selected me there as one of their representatives to appear before you here today and express to you their vote, how they should vote on any kind of an agreement.

I presume following the usual course of the hearing, if I understood the statement of the Chairman, that this proposed agreement will be taken up section by section and those who might be in favor of it or those who might be opposed to it, will have an opportunity of speaking to any particular subject when it comes up. Am I right, Mr. Chairman?

PRESIDING OFFICER GIFFORD: That is right.

MR. BOYKIN: Gentlemen, unless there is something else you wish to ask me, I desire to thank you kindly for your attention. I thank you, Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Reese.

TESTIMONY OF MILLARD REESE
BRUNSWICK, GEORGIA
DOWNING COMPANY
NAVAL STORES FACTOR and
SANSAVILLA NAVAL STORES
Producers.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: State your name and address, please, Mr. Reese.

MR. REESE: Millard Reese, Brunswick, Georgia.

President of the Downing Company, naval stores factor; president of Sansavilla Naval Stores, producers.

Mr. Chairman and gentlemen of the Hearing Committee and my friends: We have met again in Jacksonville in November to discuss the matter of a new marketing agreement. It seems as if Jacksonville was getting to be the shrine of the naval stores producer, and he must do his annual pilgrimage,

but, of course, they fixed the hearing for the week of the Georgia-Florida game which is all right with me.

There are certain inherent defects or weaknesses, whatever you may wish to term them, in making any effort to control production among a group as large and as widely scattered as the naval stores group is.

I think the first of these defects in point of importance is the element of coercion, which it seems necessarily must go with any such effort if it is to have even the promise of being successful.

There is something innate in the American citizen, particularly in the South, that resents any effort upon the part of his fellows or his government to make him do something he does not want to do.

We met that when we first began the consideration of a marketing agreement. To some of us it seemed much more important, much more formidable, much more insurmountable than it did to others. We were assured by the ardent advocates of the agreement under consideration two years ago, that we would be able to enforce it, or rather the authorities would be able to enforce it against dissensionate opinion of the parties--well, I should not have said "parties" there, that is not the right word, that indicates those who had accepted the agreement. Let me substitute "producers". There were those of us who feared this was not true.

I mention that now because the same condition exists today. I do not hear anybody talk about a marketing agreement who does not contemplate that the man who is not willing to assent shall be forced, and gentlemen, and Mr. Chairman and gentlemen of the Hearing Committee, I do not believe we are ever going to get anywhere with that kind of agreement, and especially an agreement based upon forcing a dissenting minority to

something that we resent, and I will go further and join Mr. Pace in saying that we ought to resent it.

The next inherent difficulty or weakness of such an arrangement is the basis of allotment. I was sorry to hear Mr. Newton say here this morning that no constructive suggestions were offered at the hearing two years ago.

Getting away now from this first point that I have mentioned, I think the greatest trouble about the arrangement is the basis of allotment, and those for whom I spoke at the meeting two years ago presented at basis of allotment that would contemplate a reduction by every producer as against his 1933 production, in which event the total crops for 1934 was to be less than the total crops for 1933.

It was not given that consideration we felt it was entitled to. It was not given that consideration that I knew it was entitled to. A few months later after the four year average basis had been put into effect, and after hardship, a grievous injury, a dire situation faced a large percentage of producers on account of an abnormal reduction made in their basic allotment.

I make that point here, because we have the same situation confronting us today. We have not solved it. The present basis of allotment is no better. I think the vote of this assembly would be perhaps 8--or we will say 4 or 5 to 1 on that proposition, that the present basis of allotment, the basis that prevailed for allotment in 1935 was no better than the basis of allotment contained in the original agreement, and yet that is not altogether satisfactory. In fact, it is far from satisfactory in a sufficient number of cases to make us hesitate and halt before we undertake to force that percentage of producers adversely involved

under the present basis of allotment, to go on and continue to make sacrifices that they ought not to be called on to make in entering into a marketing agreement, in the event there is a marketing agreement.

When we come to this proposition of the basis of allotment, it is a question which you have got to solve in some fairly satisfactory way if you ever hope to have a marketing agreement that will be at all worth while.

Now what is the situation that confronts us today? It is quite different from the situation confronting us two years ago. Two years ago if we had launched out with a marketing agreement containing a basis of allotment that would have required every producer to make some reduction, that would have fixed a maximum amount which any producer would be required to reduce, that would have provided a distress quantity to take care of unusual situations and cases that inevitably must exist among so many interested, if those things had been done we would be in much better position today to undertake to have today a new marketing agreement, but those things were not done.

What happened was this. A man with a large average, whose 1933 production was low saw that in the event the marketing agreement went through on the basis of a four year average, that he was going to be in a position to claim a larger allotment than his 1933 production, even though the crop for 1934 should be fixed at a lower basic rate than his total figure for 1933. So what did he do? He proposed to get into position to make that increased allotment he expected to get. If that had been done, that man's interest in his turpentine timber was just as desperate at the end of 1934 as if Mr. Boykin's and my interests had been based on what we owned in 1934.

We had a new situation and you could not ignore it altogether; you had to take account of it.

What is the condition today? I don't know what other people have in mind as to what the size of the 1936 crop will be. Let us assume, however, it ought to be 500,000 units. That would be an increase over the total crop authorized for 1935, but this marketing agreement, so far as the allotment feature was concerned, and the tag feature, was suspended on July 31--August 1. Since that time there has been no restriction on the right of a producer to make and sell as much turpentine as he was in position to get to the market. Also since that time there has been no restriction and no limitation upon the right of those producers who were adversely affected under low allotments to go out and undertake to locate timber to enable them to get back to some extent at least, something they had lost, or rather that they felt had been unrighteously taken from them.

In my rather limited contacts with the actual operation of the business, I know of several locations that have been bought up and that people expect to put into production next year. Now what are you going to do with those situations, gentlemen? You cannot come along and ignore a man who in August, September, October, took a new lease on turpentine timber, or bought land with turpentine timber on it, expecting to put it into production. He had the same right to do that that you had to buy that property of yours when you bought it.

The result would be, in my humble opinion, that you would have just as serious and just as difficult and just as insurmountable a problem to deal with in this matter of allotments for 1936 as you had for 1934, and as you had for 1935. Personally I do not believe that there is any basis which can be devised now that would make the basis of allotment that might

be written into any marketing agreement at all acceptable to a substantial percentage of the producers.

That brings me to the next question, and that is, any program of this sort, in order to be successful, must meet with the cooperation of the government. We believe in a system of government that gives regard to the rights of all minorities, and when we lose that right in this country to recognize the rights of minorities, we have lost something in this country that I fear will never be regained.

The next great problem that developed under this marketing agreement of 1934 as amended, was the matter of investment.

I am tempted to turn evangelist if the Chairman will permit me, and have something like an experience meeting here. I won't take that liberty, Mr. Chairman, but I am going to ask you to answer to yourselves this question: if we took a vote by show of hands this afternoon as to every man who in letter and spirit lived up to the agreement in 1934-35, how many hands do you think would be left down?

A VOICE: None.

A VOICE: Yes, one. I lived up to it.

MR. REESE: Well, I have an idea the vote would be just like it was at Tom Boykin's Mobile meeting last night.

Now what does that mean? Have we learned nothing from this noble experiment of prohibition that the country launched into in the year 1920? Do you believe, my friends, that you can have a marketing agreement binding in your neighbor and not binding on yourself? Do you believe you ought to? Do you think that that is decent, fair, American-like play?

That was our idea about prohibition, you know, all of us wanted prohibition for the other fellow. Just so long as it did not affect us

personally it was all right. Well, now, are we trying to get a marketing agreement that is going to be enforced in the same way that the prohibition law was enforced?

There were those of us two years ago that felt the plan would fail because of inability to enforce it, but the ardent advocates of the agreement felt differently. They were sincere in the way they felt. I am not questioning or impuning any motives upon the part of anybody, or the opinions of anybody in reference of their understanding of this marketing agreement question. By the same right I claim to have the right to make the decision as to my own choice of the common things and I gladly give you the same right.

The marketing agreement was not enforced before. Now the advocates said it could be enforced. Our friends now who are advocating it say now that this one, if another one should be adopted, could be enforced. Well now, I think on that point, Mr. Chairman, that the burden of proof, as we say in the law, is certainly upon the advocates of the agreement to satisfy anybody who is doubtful of the possibility of anything like fair and decent enforcement, the burdan is upon those who are advocating it to prove it, and unless we can have a marketing agreement that is fair in the matter of allotment, and unless we can have a marketing agreement that will be enforced, it is better, I submit, for us to have none.

I think that this is not the time or place to discuss any problems or questions that exist with respect to the constitutionality of the law.

PRESIDING OFFICER GIFFORD: We have no right to hear or argue that or to determine it.

MR. REESE: No. I do want to point this out, however, in view of what has been said, and it appears in the record. Mr. Barkalow in the discussion

that he had with the gentleman that was suggesting a marketing agreement based on conservation, pointed out that if this law is to be applied at all it can be applied only to interstate or foreign commerce. That is a point I think this Committee ought to consider; I think it very germane and I am sure you will be glad to consider it. I do not see how you can reach production through the limitation of the right of marketing when the interstate movement of perhaps from 95 to 98 percent of turpentine and rosin does not begin until after the turpentine and rosin has been sold to a dealer and delivered at a point within the state of their production. Appling County is regarded as a pioneer turpentine producing county in Georgia, and so I use Appling County as an illustration of the way the average factor's business is done. The producer in Appling County ships his turpentine and rosin to the Downing Company at Brunswick, Georgia, if he happens to be a customer of the Downing Company. It arrives at Brunswick and is sold by the Downing Company to the Columbia Naval Stores Company there in the yard in Brunswick. Then Downing acting as warehouse man for the Columbia Company, stores the turpentine and rosin that has become Columbia's property there at Brunswick, awaiting for an indefinite period, orders to ship it. The product was raised in Appling County, Georgia, transported in Georgia, sold in Georgia, delivered in Georgia to the processor and the producer is out of the picture. Now how can you reach production of that sort, a business that is done on that basis in the hands of the producer? I cannot see how you can. I mean, and call it interstate and foreign commerce. I do not see how you can reach it under the interstate commerce clause of the state. Let me express it in that way.

I think there is just as much reason that the interstate or foreign commerce nature of the movement begins after the turpentine and rosin became the property of the dealer who buys it, if the interstate or foreign nature of the commerce does not begin then, and then you can go back to the pine tree before it is cut and begin it. There is no logical point if that is not it.

I want to say, Mr. Chairman, two things, first that I have sympathized deeply with the Control Committee in their problems and troubles. I have had my differences with the Control Committee and I came to the Control Committee and we had them out. I have had possibly some difficulties with them. I think, however, the members of the Control Committee who served did as good a job as any Control Committee could have done, and I am glad to bear that truthful testimony.

I want to say another thing, Mr. Chairman; I have no feeling and I think this audience will believe that this afternoon--many of them did not believe that two years ago--I have no feeling in the world except for the thing to be done that will be best for the industry. If I believed that the marketing agreement was legal, the proposed agreement was legal and would be effective, I should be here supporting the marketing agreement. It is only because with my background and training and with my way of thinking I know of no such possibility, that I am here opposing it. I want to say this other thing, gentlemen and Chairman of the Hearing:

We have been extremely fortunate after the marketing agreement became effective in the contacts we have had in Washington. The administration of this marketing agreement fell into the hands of men who wanted to be fair and reasonable, and make the best administration possible from the standpoint of the government. Perhaps they have made

some mistakes, I hold no brief for them, I simply am stating my views, and I suppose outside of the members of the Control Committee themselves and perhaps two or three others, no one has had occasion to go to Washington more or stay longer than I have, and I want to say most cheerfully that I have always received courteous treatment, consideration, and I believe as helpful dealing under the terms of the marketing agreement as it existed, as I had any right to expect.

It is not a question of any feeling with me, it is not a question of wanting to see my opinion of two years ago vindicated. If I had the opportunity--well, let me express it this way: I have got no satisfaction in this world whatever out of being able to say "I told you so", since the collapse of the marketing agreement and the failure of the plan, because after the plan became effective I believe that no people who were interested made a more earnest effort than those whom I represent to try to make it a success.

I simply say in conclusion to those of our good friends like Bob Newton, who has worked so hard and so honestly and so conscientiously in an effort, first, to get this marketing agreement and next to enforce it, as he understood it, and to make it a success in the words, I believe, of Thomas Moore, in Lala Rhook:

"Fanatic faith once wedded fast to some dear falsehood hugs it to the last."

PRESIDING OFFICER GIFFORD: Mr. Reese, just a question, please.

MR. REESE: Yes, sir.

PRESIDING OFFICER GIFFORD: I think Mr. Barkalow wants to ask you a question.

MR. REESE: Yes, sir.

MR. BARKALOW: Mr. Reese, you traced through the movement of turpentine down to the point where it goes into the yard of the dealer.

MR. REESE: Yes, sir.

MR. BARKALOW: What does the dealer customarily do with it?

MR. REESE: He sells it.

MR. BARKALOW: Does he sell it in interstate or intrastate commerce?

MR. REESE: So far as our own yards are concerned, Mr. Barkalow, there is not enough to mention that is sold in intrastate commerce.

MR. BARKALOW: I see.

MR. REESE: Practically the whole lot goes either in interstate or foreign commerce.

MR. BARKALOW: Then there is no doubt in your mind but what the dealer himself is engaged in interstate commerce.

MR. REESE: Oh, unquestionably.

MR. BARKALOW: Well, now, what is the characteristic function of the factor? Does he take title to the turpentine?

MR. REESE: Well, he has a claim against it, of course, the claim of pledgee.

In the first place, he has a contract. I am speaking, of course, of the factor whose customer is indebted to the factor. The factor has a contract with his customer that he will--I mean on turpentine, that the customer will ship the factor all of the turpentine and rosin that the customer produces. It is shipped to the factor for the purpose of sale and the factor makes the sale as agent for the customer, accounting to the customer for the proceeds.

MR. BARKALOW: Well now, to the extent that the factor sells for the producer, that is then a sale for the producer to the dealer who is in interstate commerce, do you concede that?

MR. REESE: Mr. Barkalow, my conception is that you have got to have your commodity in interstate commerce, and that there has got to be a commencing point to that commerce, just as is bound to be an ending point to it.

Now, I think the thing that you are overlooking is this, that this turpentine and rosin comes to rest at Brunswick, stays there from three weeks to six months, in the hands of the dealer, the property of the dealer held by us as warehouseman for the dealer.

MR. BARKALOW: Does that come in usually to be sold abroad? Is it bought to supply orders which call for sales abroad?

MR. REESE: Well now, Mr. Nash could tell you better about that than I can.

It is bought for resale all right, but, of course, at times he may have orders for it, and at times I know he has no orders for it.

MR. BARKALOW: You are familiar with the grain cases, the Schaefer case?

MR. REESE: You mean the Chicago elevator cases?

MR. BARKALOW: Yes.

MR. REESE: In a general way, but it has been many years since I read it.

MR. BARKALOW: As you know there the Supreme Court held that a sale of goods to be moved in interstate commerce was of itself interstate commerce. Can you conceive that a sale by the factor as agent for the producer to the dealer would be a sale of turpentine to be moved in interstate commerce?

MR. REESE: Well, of course, you can. But I don't think that it becomes interstate commerce or foreign commerce until the movement begins.

MR. BARKALOW: Well, in view of the fact that under our Act we can affect contractions which are interstate or directly burden or affected, in your mind could you conceive of that sale to the producer to the dealer through the agency to be a transaction which directly affected interstate commerce?

MR. REESE: Well, it would depend upon your definition of interstate commerce.

If the bare fact that the turpentine--I guess from 95 percent to 98 percent of the turpentine and rosin made is handled purely intrastate until it gets into the hands of the dealer or until the shipment is made by the comparatively few producers who sell direct in interstate commerce.

I should imagine that the percentage of turpentine and rosin destined for interstate and foreign commerce, or I should say, interstate or foreign commerce--no, I think ought to leave it like it was--is just about somewhere above 90 percent.

MR. BARKALOW: Could you conceive then of all of that turpentine being in the current of interstate commerce in the transaction you have outlined?

MR. REESE: Not until it starts.

Now, if you don't take the starting point of interstate or foreign commerce movement where I think it starts, then I don't know where you are going to take it. It would be just as logical, if you don't take it there, it would be just as logical to go back to the still and say it commences there, and then it would be just as logical to go back of the still and say that it really was destined for interstate commerce before it was ever made into turpentine and rosin, when the crude gum comes out and is gathered, and then I think it would be just as logical to go back

of that even and say that when a man buys his timber and cups it intending to make turpentine and rosin, he is engaged in interstate commerce up here on his turpentine farm in Atkinson County.

MR. BARKALOW: Where is rosin first packaged?

MR. REESE: At the still.

MR. BARKALOW: At the still?

MR. REESE: Yes.

MR. BARKALOW: And it moves in that same form right to the factor, to the dealer, and then into interstate or foreign commerce?

MR. REESE: Yes.

MR. BARKALOW: The form is not changed in the package at all?

MR. REESE: No.

MR. BARKALOW: Could you conceive of that point being the point where interstate commerce begins?

MR. REESE: No, I cannot.

MR. BARKALOW: There is no breakdown in the package, so the package theory in interstate commerce--

MR. REESE: Well now, I cannot apply it that way. Going back to the package theory, the principal case that I recall did involve shipments of liquor out of a wet into a dry state, and the Supreme Court held--and I think that is the doctrine that was applied in the Schechter Case--the Supreme Court held that when the transportation service ceased the interstate nature of the commerce ended.

MR. BARKALOW: Well, isn't it true that in the Schechter Case, that that decision hinges on the fact that poultry was brought to New York to be consumed in New York and the transaction ended there, whereas with turpentine it is brought to, for example, Brunswick or Savannah, to be shipped on board ship or on train and sent out of the state.

MR. REESE: Mr. Barkalow, as I see it, there are two ends to any movement, any interstate or foreign movement. Just as there has got to be an end to the movement there has got to be a beginning of it.

Now, as I understand the Schechter decision, aside from the fact that a good deal of this stuff came from New York itself, from New York State, but even with respect to the poultry that moved in interstate commerce to New York, they said that it had lost its nature as interstate commerce when it got into the hands of the poultry dealer. In other words, I take it that means it had lost its nature as interstate commerce when the transportation movement was completed, just as they held in the liquor case, the original package case that you were talking about, that the packaged liquor moving into a dry state would lose its character as interstate commerce when the transportation service came to an end.

MR. BARKALOW: Well, you do not in your mind conceive of a dealer who receives naval stores in his yard and then holds them there. They don't come to rest, they don't stay in his yard, do they, for any length of time? Don't they come there simply to be removed, to move on in the channel of interstate commerce?

MR. REESE: Well, naturally, that is true to a great extent, to a very large extent, but they do come to rest there. They come to rest and the sale is made and then they continue to be stored there for an indefinite period, depending upon the stocks that the dealer has on hand and the demands made upon him by his customers for goods.

I do not know what the limit of our carrying turpentine and rosin at Brunswick for the Columbia Company has been, but I imagine it certainly is true that we have carried it there for a year and probably more, and yet under the theory that you are talking about during that whole period

of a year while that barrel of rosin is on our docks or yards or while a barrel of turpentine is in one of our tanks, that commodity has never seen any place in the world but the State of Georgia, is interstate or foreign commerce.

MR. BARKALOW: Is that characteristic true as a rule on naval stores held in your yard? What percentage would you say?

MR. REESE: Well, you will have to get that information from Mr. Nash. I cannot answer those questions.

MR. BARKALOW: Just broadly speaking is it a large amount that you hold a year or is it a small amount, or do you as a rule move the stores on just as soon as you make sales for them?

MR. REESE: No, we do not move them on just as soon as we make sales. That is what I am trying to get clear on the record. It depends so much upon the market conditions as to the length of time this stuff is held at the port, that I imagine it would be very hard to get the average period of time that would fairly represent the average time that a barrel of rosin stays at Brunswick before it is moved.

MR. BARKALOW: I have heard some testimony here today about the way barrels of rosin, and particularly the barrel itself, will deteriorate if kept a year in the yard. Are you not put to some expense when you keep-- when you have to, as they said, sweeten the turpentine and repack the rosin, are you not put to some expense when you hold it for a year?

MR. REESE: Well, of course you are. There are storage charges in any event. Mr. Black, I think, would be a pretty good witness on that. If any deterioration occurs in a rosin barrel, of course, that has got to be placed in a merchantable condition before it can be sold, unless it is sold as a nonmerchantable package, don't you know.

MR. BARKALOW: That is all.

MR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Gold.

MR. GOLD: Mr. Reese, as I understood your testimony in regard to a proposed marketing agreement it was that if you could not obtain an equitable and enforceable agreement there should not be any, is that correct?

MR. REESE: Yes, sir.

MR. GOLD: Now, do you mean on the other hand that if you could obtain an enforceable and equitable agreement that there should be one?

MR. REESE: Well, of course, excepting your premise, Mr. Gold, I should say that I can see decided advantages to be derived from it if that was possible.

MR. GOLD: I believe that you have given considerable thought to the problem of a marketing agreement for 1936.

MR. REESE: Yes.

MR. GOLD: Have you felt that there was any need for a marketing agreement in 1936?

MR. REESE: Assuming that the marketing agreement--that a marketing agreement could be devised that, as you say, would be fair and equitable in the matter of allotments to producers and that it could be enforced, I can see decided advantages.

MR. GOLD: In other words, you see a major problem in the proposed agreement, the problem of allotment. You see a major problem in any agreement accompanied by an order, in the problem of enforcement.

You feel, do you--am I correct in understanding that if those problems could be solved this industry should have a marketing agreement and order?

MR. REESE: No, I would not go to that extent, Mr. Gold. I feel that upon the assumptions that you are making that it probably is true that the

shock that the industry must absorb on account of the large stocks of turpentine and rosin held by the government might be lightened considerably, but so far after all as having a marketing agreement is concerned, all of us will agree that it is artificial. I am inclined to think myself--there is no way to prove this--I am inclined to think though that there is a greater production, and certainly no lower production in 1934 with a marketing agreement than there would have been without it.

Now, your question as to whether or not I believe in a marketing agreement, I have to answer you that I do not.

MR. GOLD: In any marketing agreement?

MR. REESE: No, I do not unless it is a voluntary marketing agreement.

MR. GOLD: Unless it is a voluntary marketing agreement?

MR. REESE: Yes, sir.

MR. GOLD: Would you develop that, please?

MR. REESE: How?

MR. GOLD: Would you develop that, please?

MR. REESE: Well, I thought I had.

I think that it would be a very admirable thing if the producers of this industry could get together and solve their own problem by agreeing on what the crop ought to be and how much each producer would make.

I consider that another impossibility, however.

MR. GOLD: You consider that another impossibility?

MR. REESE: Yes.

MR. GOLD: I follow you then, Mr. Reese, correctly when you say you think there should be a voluntary agreement, but you mean that it is impractical?

MR. REESE: Well, I don't know that I said that I thought it should

be a voluntary agreement. I think what I said was that I think it would be an admirable thing or a good thing if there could be a voluntary agreement.

MR. GOLD: And then you said you think it is impossible.

MR. REESE: Yes, I think so.

MR. GOLD: You think it is impossible?

MR. REESE: Let me illustrate, if I may, what I mean.

If the gum industry--if the gum phase of this industry was as intact a phase of it which we know as the wood industry, I think it would be a comparatively easy thing for the small group to get together and agree upon a basis of production and basis of handling production that would greatly improve conditions.

Mr. Lockwood showed me figures this morning indicating, as I recall, 12,000 gum producers, 12,000 little fellows making from a barrel to two of crude gum on up.

MR. GOLD: You know that this agreement does not contemplate including the gum producers. This is a processors' and handlers' agreement, and I think that includes some two thousand people, does it not, in 1926?

MR. REESE: According to his figures, less than that. I think his figures indicate 1,176, as I recall.

MR. GOLD: You have discussed the problem of production. I should like to for the benefit of the record to give what in your opinion is the probable production for 1936, first, for the gum and then for the other, the turpentine production.

MR. REESE: Well, I have no information, nothing in the world upon which even to hazard a guess as to the wood production. I don't even know what that production is for the current year.

MR. GOLD: About one hundred thousand barrels of turpentine?

MR. REESE: Well, let me restrict my answer to gum, please, Mr. Gold, because it is perhaps wild enough a guess at that.

I have a feeling that with warmer weather--rather, I have a feeling that with normal weather conditions and normal labor conditions the gum production for 1936 will be at least 550,000 units.

MR. GOLD: At least 550,000?

MR. REESE: That is my idea.

MR. GOLD: Have you any notion of a maximum that it may be?

MR. REESE: Well, abnormal weather conditions would increase that--I mean abnormally good weather conditions would increase that, I should say, to as a maximum, 600,000 units.

MR. GOLD: So, you expect the gum production will be in the neighborhood of 575,000 units, taking an average of those two figures in 1936?

MR. REESE: I would not say that I expect that.

You know, we haven't spent much of this $4,800,000,000 yet, and I have an idea that when the government's money begins to flow in freely--and I am always mixed myself when I say "P.W.A." or "W.P.A.", but I believe this is being handled by the W.P.A.--when that money commences to flow throughout the turpentine belt I have an idea that it is going to create abnormal labor conditions, and I have an idea that that is going to tend to decrease, or rather increase the crop.

MR. GOLD: Do you know the approximate carry-over of turpentine and rosin in the industry today?

MR. REESE: No, I do not. You see, I cannot carry the figures in my mind like you can. I heard those figures yesterday afternoon, and I do not remember them this afternoon.

MR. GOLD: You know, for instance, that the government has under loan

148,000 barrels of turpentine?

MR. REESE: Yes.

MR. GOLD: And the stocks look as if they will be approximately 185,000 barrels of turpentine. I believe that is a reasonable figure, isn't it?

MR. REESE: Oh, I should think that there ought to be at least that much.

Now, wait a minute. What are you talking about now, of what date?

MR. GOLD: Well, let's say as of October 1 or October 31.

MR. REESE: Well, if you are talking about the annual carry-over, the end of the trade year--

MR. GOLD: Yes, that is probably better.

MR. REESE: Yes. My own feeling is that between now and March 31 the trade year, the period ought to consume practically everything outside the hands of the government. I think the carry-over outside of the government stock will be very small.

MR. GOLD: So that there are 150,000 barrels approximately of gum turpentine?

MR. REESE: Yes.

MR. GOLD: And in addition, you said a crop of, let's say, around 550,000 barrels of gum turpentine would be produced?

MR. REESE: Yes.

MR. GOLD: So that, you have a crop of about 700,000 barrels available for sale in 1936?

MR. REESE: If our assumptions are correct my answer is bound to be, yes.

MR. GOLD: Now, I would like to turn your attention for a moment, as I mentioned before, the production this year is about 100,000 barrels.

MR. REESE: Yes.

MR. GOLD: Do you have any reason to believe that the production will be less than 100,000 barrels in 1936?

MR. REESE: No, I have no reason to believe it, but I have no reason to say anything about it because I just don't know anything about it.

MR. GOLD: You would say it was reasonable, would you, that the available supply for sale in 1936 for the naval stores industry will be approximately 800,000 barrels?

MR. REESE: Ask that again, please.

Will the reporter read that question?

(The record was read as is above recorded.)

MR. GOLD: Reviewing that, that is 550,000 you have estimated as the possible production?

MR. REESE: Yes.

MR. GOLD: And 150,000 as possible stock, and at least 100,000 for the wood industry. That would make about 800,000? In other words, do you feel that there will be available for marketing 800,000 barrels in 1936?

MR. REESE: Well, now, there again we are confusing the calendar year and the trade year. You see, we are talking about the carry-over from the trade year.

MR. GOLD: Yes.

MR. REESE: From March 31, but I don't see anything substantially wrong with the figures.

MR. GOLD: Are you willing to hazard an estimate as to what it will mean in terms of prices at the Savannah market and to the producers if it is attempted to market anything like 800,000 units in 1936?

MR. REESE: Well, I assume that it will not be attempted to market that much, Mr. Gold.

In the first place, there is always some normal carry-over.

MR. GOLD: Above 150,000?

MR. REESE: No, but you are taking everything now.

MR. GOLD: Yes.

MR. REESE: In other words, when you talk about marketing 800,000 barrels within the year you mean that there would not be another barrel left in the way of available supply.

MR. GOLD: I will have to ask you another type of question.

Do you believe that whether the carry-over is sold or not, it has an effect on the price received?

MR. REESE: Unquestionably. If the carry-over is small, people are about turpentine and rosin like they are about everything else, the harder it is to get the more a man is willing to pay for it. If there is a large supply on the market, naturally it has a depressing effect on the price.

MR. GOLD: Then let me ask you this question: what in your opinion, or will you hazard an opinion, as to the effect of an available supply of 800,000 units on the turpentine and rosin market in 1936?

MR. REESE: Well, of course that depends upon so many things that you term "variable", that I really don't think any guess of mine would be worthwhile.

I can visualize improved general service conditions that might very easily absorb one hundred or one hundred and fifty thousand barrels of turpentine, that we feel now will not be absorbed.

MR. GOLD: I would like to review for you a moment the price that existed in the last few months and ask you what in your opinion the price would be like in comparison with those in 1932-33, the average price.

I am speaking now of the market year.

MR. REESE: Yes.

MR. GOLD: Thirty-six dollars approximately in 1933-34.

It was $45 approximately in 1934-35.

I am bringing it up now to March 31, 1935.

It was about $50 per unit.

MR. REESE: Yes.

MR. GOLD: From March 31 to the middle of September the Savannah price was approximately $48.62 per unit.

In your opinion would an available supply of approximately 800,000 units in 1936, around which one of these various levels from $36 to $50 per unit would prevail, would you expect the price to fluctuate?

MR. REESE: Well, I think that would depend very largely upon the handling of the government stocks. You see, if the government stocks are intact, say, for another year--I am not suggesting that will be done, I am just assuming for the moment that that will be done--you would reduce immediately your 800,000 availables to 650,000.

MR. GOLD: Let me ask you this, in view of the various testimony that is being produced today, would you expect that 148,000 barrels of turpentine and 294,000 barrels of rosin, can be held a year?

MR. REESE: Yes, that can be arranged all right. You see, they can swap. The Commodity Credit Corporation can swap an old barrel of rosin for a new barrel. There will have to be a money adjustment made, but that is done constantly.

MR. GOLD: Do you know the extent of government pledges on turpentine and rosin in the industry?

MR. REESE: You mean how much money the government has got out?

MR. GOLD: Yes.

MR. REESE: I think it is approximately six million dollars.

MR. GOLD: Yes, it is about six million dollars.

MR. REESE: Yes.

PRESIDING OFFICER GIFFORD: I have a telephone call for Mr. W. E. McArthur.

(No response.)

PRESIDING OFFICER GIFFORD: Mr. W. E. McArthur, call phone 5-4274 or 5-4979, Mr. W. E. McArthur.

(No response.)

PRESIDING OFFICER GIFFORD: I also have a telephone call for Mr. Yates Willoughby.

(No response.)

PRESIDING OFFICER GIFFORD: At this time we will have a ten minute intermission.

(Whereupon, a short recess was taken.)

PRESIDING OFFICER GIFFORD: Mr. Reese, do you want to read that into the record?

MR. REESE: Yes, thank you, Judge.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. REESE: Mr. Chairman, and gentlemen, I received since I came into the hall this afternoon a letter from J. C. Beasley of Greenville, Georgia, dated 10-30-35, which reads:

"Please present our protest of government control agreeable to the enclosed petition."

And the enclosed petition reads:

"We, the processors of gum turpentine and gum rosin of Georgia do hereby register our disapproval of the reenforcement of rules governing the production and sale of gum turpentine and gum rosin which was recently

suspended by the Honorable H. A. Wallace, United States Commissioner of Agriculture.

"This, the 23d day of October, 1935."

And that is signed by the following:

W. H. Strickland & Son.

C. W. Beasley.

Beasley & Company.

J. Charles Durrence,

L. Phillips & Brother, by Pearson Phillips.

J. I. Thompson.

R. H. Purvis & Son.

B. H. Beasley.

S. H. Howard & Son.

PRESIDING OFFICER GIFFORD: It will be read into the record as a part of your evidence.

MR. REESE: Thank you.

(Witness excused.)

MR. KELLY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Kelly.

MR. KELLY: If I am in order, Mr. Chairman, I feel that it would be so pertinent--

PRESIDING OFFICER GIFFORD: I am sorry. I do not hear you.

MR. KELLY: I want to make the suggestion, Mr. Chairman, may I ask if it would be consistent to ask Dr. Gold if he would give us that lecture, a repetition of the lecture that he gave the factors and dealers yesterday afternoon? I feel that it would be very illuminating and interesting.

PRESIDING OFFICER GIFFORD: It has been suggested by Mr. Kelly and also by members of the industry and processors and handlers that Dr. Gold explain the basis of his economic analysis that he has prepared with reference to this industry before we proceed with the further hearing, and I think at this time inasmuch as he is going to introduce this as an exhibit in the case, that it would be very appropriate to have this explanation made of this analysis which he has made of the naval stores industry, so, Dr. Gold, if you will do that at this time we will appreciate it.

MR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

MR. GOLD: I am an economist with the Agricultural Adjustment Administration. As such it is my duty to make an examination of any proposed marketing agreement and to submit it as a part of the public record for the purposes of assisting the Secretary of Agriculture in making his determination or finding of fact in regard to the economic feasibility of a program. To that end the Economic Analysis Unit of the General Crops Section of the Agricultural Adjustment Administration has prepared an economic analysis of certain features of the marketing of naval stores. That analysis is an 87 page document which becomes a part of the public record.

I will offer four copies of this in what I believe to be the prescribed manner. I think, however, before discussing that I should try to indicate to you, or perhaps simply reiterate to you what you have many times heard before, exactly what our position is in regard to any proposed marketing agreement and in regard to this agreement in particular.

We, of course, do not foster marketing agreements.

There has been considerable discussion today about cotton programs and corn programs, as well as marketing agreements. I think it is familiar to you that marketing agreement programs are distinctly different from the so-called basic crop programs, those in which direct payments or benefit payments are made in an effort to assist producers.

The marketing agreement program is made possible under the Agricultural Adjustment Act as it has been amended, the part of that Act which is set forth in detail the method provided for production control and benefit payments for basic commodities. Those basic commodities are about ten in number. They include such as cotton, corn, wheat, hogs, rye, sugar, tobacco, peanuts and potatoes.

For those commodities special legislation has been provided. For other commodities, including dairy products, which I believe are basic commodities, a marketing agreement arrangement is set forth.

All that Congress has done is to set forth the mechanism which producers, processors and handlers may take advantage of if they wish.

The amended Act sets forth in considerable detail the sort of agreement that the Secretary of Agriculture may enter into. It sets forth a mechanism which may be used. It of course does not save anything to us. That provision under which we operate is simply something that we have available to anyone who wants to take advantage of it.

We have had another marketing agreement program in addition to dairy products and poultry commodities, such as California citrus, canned asparagus, potatoes, northwest deciduous fruits, watermelons and a number of fresh fruits and vegetables.

We are not attempting to insist in any case that anyone take advantage of what is offered. We have it there. We believe that it

does offer a mechanism by which the producers can help themselves but only if they want to, and it is generally with only that point of view that we entertain marketing agreements. At Washington we have submitted at the present on the average of around one to two marketing agreements per week. We are under the very nature of the Act under which we came into being directly interested in the welfare of producers. We want to help them. We do not insist on helping them, but we do stand ready to work--and by the way, day and night--to help you.

In the General Crops Section which handles all crops except basic crops and dairy products, my own experience and that of nearly everyone else there has been that within three or four weeks we are working on such a miscellaneous collection of Florida celery, which I believe has completed a hearing and anticipate an agreement in 1936; Florida citrus which I believe is being formulated by the Florida citrus producers and is now being made ready for public hearing; potatoes, California citrus, walnuts, and prunes. We have quite a miscellaneous group. We take them and we try to find out whether they are feasible, and then we come to a public hearing to see whether the industry wants them or not.

We have at least two special interests in naval stores. Those interests are based on the fact that we have cooperated in a program for that industry for the major part of two years. It was for that reason, for instance, that I individually and I believe everyone of the members who are attending the hearing today, first entered into an attempt at an understanding of naval stores.

The government has another interest in naval stores, a financial interest. I believe that the government today is the largest individual operator. It has approximately six million dollars invested in the

industry directly. It holds pledged under loans 148,000 barrels of turpentine and 294,000 barrels of rosin, so that it has rather a particular interest in naval stores, in addition to the general interest that it has in the result of the program and the general interest that it has in making available its mechanism to all groups.

We do not believe that the program which this industry undertook and in which the Secretary took part was a howling success for the 1934 year and the portion of the 1935 year in which it was operated. We do believe, however, that it did give substantial benefit to the persons who entered into it.

I mentioned before, I believe, in talking with Mr. Reese that the price of a unit of naval stores in 1932-33 was about $36 at the Savannah market.

In 1933-34--I really don't carry these things in my head, and I will have to look at some figures over here.

In 1933-34, during a part of which the present program was in effect the average price at the Savannah market was $45.15 per unit. In 1934-35, during all of that period there was a marketing agreement, and that--and at Savannah the price was $50.18.

Our interest in the naval stores is, I believe, shared by many of you, but still is somewhat distinct from the point of view of any other group in the industry, and each one of you has an interest as an individual. A number of you, perhaps most of you have been concerned with what might be called industry problems, the welfare of your entire industry, but most of you haven't the time and many of you haven't the inclination to be concerned with what might be called the total picture, and that is the picture with which we are interested.

I want to illustrate that by the fact that when I talk about returns in the naval stores I am not interested in the price per gallon of turpentine or the price of a barrel of rosin or for the price of a unit of naval stores. I am interested in only one major consideration and that is the total income that your industry does get or may get. For instance, in 1932-33, using the Savannah price to represent the price for both gum and wood, which is not entirely adequate but it is approximately fair or representative, your industry had a gross value of twenty-one and one-half million dollars.

Incidentally, in spite of the fact that some people have said that this is a very small industry it has impressed me at any rate as being a very big one.

In 1933-34 your industry had a gross value for its products of approximately $29,700,000.

In 1934-35 your industry had a gross value for the production of gum and wood naval stores of $32,000,000.

From 1932-33 to 1934-35 you had an increase in your total gross income of approximately $10,500,000.

I should like to set forth for you what I believe is my obligation to do.

I might mention that yesterday at the control board I was asked to present the major features of the analysis which the Economic Analysis Unit had made. That is a part of this document, this analysis which becomes incorporated into the public record. It is very difficult to talk to 200 people or so on what I am going to try to talk about.

At the meeting yesterday there were members of the Control Committee, a number of other producers and I believe most of the factors and dealers.

We spent about an hour or maybe an hour and a half. I am not going to tax your patience with anything like that this afternoon. I think it is extremely difficult to even try to set forth what I think are very simple details of your industry, for two reasons: one because I am aware of the fact that I know practically nothing about naval stores. The people who are in this room know considerably more about the industry than I do. I have been here two weeks in this area. Well, not quite two weeks, but nearly two weeks and I have appreciated a number of your problems to a degree that I could otherwise not do, so that what I offer you is simply the best findings that we in Washington can make on the industry. We look forward to this hearing to develop a great mass of further information to really wipe away the tremendous cobwebs of our own weakness on this topic. What I offer to you is offered with a great deal of humility. I do not feel that I am in a position to tell you as individuals anything about how to run your organization and it is not offered with that idea. That is simply one of the difficulties that I know I personally face in trying to present to you what I am about to.

The other simply is the difficulty of trying to set forth really dry stuff, quoting statistics and economics before a rather large group, but it is our duty to set forth the facts of your industry as we see them to make you understand why we countenance the thought of coming to a public hearing to consider a possible marketing agreement.

I am going to ask for the assistance of some of these people in order to simply hold a number of pictures from which I am going to try to talk.

Now, this is simply a diagrammatic presentation of monthly fluctuations in the price of gum and wood turpentine at the New York

market. It is set up principally to indicate clearly to you the extremely close relationship between the two branches of your industry. Obviously the monthly movements in the wood and gum industry are extremely close. It is necessary, I believe, that they should be, just as the price of any one producer's commodity, any one gum producer's commodity is about the same as any other gum producer's commodity, for the reason that for practically all purposes the two products represent identical products.

There are a number of things besides, however, that are rather interesting in this particular picture. One of these is what has happened to your prices from the beginning of 1925 down to September 15, of 1935; as you can see you have had a very severe decline in the prices which you have received in 1925 and 1926 as measured by the New York market prices, which are the prices on which you can get quotations for both wood and gum rosin. Your price has fluctuated around 90 cents per gallon. Your price through 1931, 1932, 1933, and 1934 and part of 1935 has been fluctuating above and below--mostly below--50 cents per gallon at New York, and of course it is approximately 5 or so cents below that price at Savannah and at your still.

The price of turpentine in the last five years is about 44 percent below what it was in the previous five years.

Now, I will ask the gentlemen to show you a similar picture for rosin, gum and wood rosin. It illustrates again the close relationship between wood and gum products and it illustrates incidentally that the wood people generally sell their product below your product, the gum product. It illustrates the market decline which has taken place in the price of rosin in the last five years.

I would like to show to you now a chart which attempts to set forth the production of turpentine annually, the United States commercial carry-over and the price.

In general production increased from 1921-1922 to 1929-1930. After that there was a fairly sharp decline, and in the last two years production has remained approximately constant. The carry-over has fluctuated somewhat differently.

Between 1921-1922 and 1929-1930 the annual commercial carry-over of wood and gum turpentine fluctuated between 59,000 and 110,000 barrels annually. These figures are as of April 1st of each year, what is usually considered the marketing year.

Since 1929-1930 the annual carry-over has fluctuated between 118,000 barrels and 177,000 barrels annually.

On April 1, 1934 the total commercial carry-over in the United States was approximately 118,000 barrels. On April 1st, 1935 it was approximately 177,000 barrels.

The diagram includes in addition carry-over imports. Those are relatively unimportant in this industry. They fluctuate between 4,000 and 10,000 barrels annually.

The thing that should be striking in the diagramatic presentation is what is called an indirect or inverse relationship between production, carry-over and price. Add production to the carry-over and you get the available supply. In general you will see that when you have a high production and carry-over you have a low price. When you have low production and carry-over you have high prices. But it is obvious on that diagram that the relationship is not clear, it is not what you might call a one-to-one relationship, one in which you could say, now, with this production I will have this price, and with another production I will have another price, and that is because in the sale of your product you have to take into consideration certain other factors.

Turpentine, as you know, is essentially a product to be used in the paint industry. That is its most essential use. It therefore depends for a sale on the amount of construction, the amount of industry which uses the turpentine product, and it is not until you introduce that particular factor into the situation that in my opinion you adequately begin to understand why prices

behave the way they do, and why your income behaves the way it does.

Now, the problem is, does that fifteen years of history mean anything as to what is likely to happen to your industry, in, say, the next or the next two years? If you believe that it does, then it is worth trying to get right back of the picture and say, well, how much does production have to do with the prices I obtain, and how much does the carry-over have to do with it, and how much does business activity have to do with the price that I obtain?

I want you to grasp and get one other consideration, and that is, that you can sell anything at a price, that if you want to sell a product some people will take it if the price is low enough.

Now, it is on the basis of how much that fifteen years or more of history of prices in your industry means for you today and tomorrow, and on the assumption that you can sell anything at a price, that I am going to simply skip very quickly through a technical detail and merely have you trust in your faith as to what this is going to tell you.

Before showing you the picture that I want to next, however, I am going to use a couple of technical terms. Particularly I want to introduce the idea of price analysis, and the other correlation.

Price analysis is an attempt to discover why prices behave the way they do, and what happens when you have some particular factor in the picture, such as production.

Correlation is a mathematical notion. It is an attempt to understand how one particular thing like production acts with another thing like price or how price acts with such a thing as business activity.

Now, the picture that I will show you next is simply a combination of all of those things, called a multiple correlation, and it endeavors, first of all, to unscramble prices, that is to say, to find out what the important

things are to influence prices and isolate the influence of each one of them. Then it goes one step further and says that if we have a certain carry-over and if we have a certain level of business activity, then if we alter production what is going to happen to prices.

Now, I want to sidestep naval stores for a moment and just indicate to you some of the fields in which this sort of thing is done. I believe it is new to naval stores, but it is not new to agricultural commodities. This is the technique which has been used in the Department of Agriculture for about ten years. It has been successfully applied to certain commodities as lamb, as citrus, peaches, canned asparagus, potatoes, and others, and in each case it simply endeavors to answer the question of, why our prices, what they are?

Now, all analyses are not successful. They do not answer these questions. I can only tell you that in other cases the results have been very good. For instance,we are able to tell, once the people indicate to us what sort of production they anticipate in the California citrus industry, what probably is the price they are going to receive for that product.

PRESIDING OFFICER GIFFORD: Just a minute, Dr. Gold.

You gentlemen in the rear, your conversation is making too much noise.

MR. GOLD: We have endeavored, for instance, to analyze the asparagus industry and I think it provides a rather interesting illustration of this particular technique. The canned asparagus industry decided they wanted a program. The main feature of that program was that it would limit production, limit the amount of asparagus that would be canned. It was expected that all of the packers would be interested in packing as much as they could of that limited supply and they would go out in the market in

competition for the asparagus and the farm price would be improved. We had to base it on the merits of that particular problem, and so we concluded an analysis on the asparagus price. However, this was the program for 1935 and we had neither the 1933-34 price nor the 1934-35 price. We made the analysis, however, based on the various factors affecting canned asparagus down to 1932-33, but because we were going into the 1935 program we decided we had better find out what this thing really meant, and so we sent out a field staff to get the 1933-34 prices, and the analysis worked out I would say would be pretty fair.

On the basis of that analysis, knowing what the production was going to be, we were able to get the 1933-34 price within two cents, and on the basis of that analysis we were able to get the 1934-35 price within 9 cents. That has nothing to do with naval stores. Personally I do not believe the analysis I am going to show you is sufficiently accurate for anything of that sort. It is designed simply to illustrate the fundamental principle of the relationship of price to production and to the total income in the naval stores industry.

Now, here is a diagrammatic representation of what on the basis of this analysis we believe are the most likely values for various sized crops under what I call demand conditions for turpentine equivalent to the 1934-35 demand conditions.

Now, what are those? There are two assumptions made. One is, that the carry-over is 118,000 barrels of turpentine, and the other is that business activity is approximately the same as it was in 1934-35.

Now, the only substantial difference between the current conditions and the ones that were used there is that the actual carry-over is approximately 50,000 barrels of turpentine than what I have indicated there.

Now, what this picture tells you is simply this, that as best we can analyze it under the 1934-35 demand conditions, the total crop, total production by both wood and gum of 575,000 barrels of turpentine under these assumptions would result in a price to producers of, or rather the price at the Savannah market of $29.71 for a 50 gallon barrel.

I have been told that I should always mention prices in gallons, and cents per gallon. I will have to do some rapid division here, but that represents a price of approximately 55 cents per gallon for their total crop, wood and gum, of 575,000 barrels.

An increase in that crop to 600,000 barrels would result in a decrease in price under these assumptions to $23 per barrel.

A further increase in that crop to 625,000 barrels--that is, combining wood and gum--means a price according to this analysis of approximately $19 per barrel.

A further increase in the total production to 650,000 barrels means a price of about $15.

And jumping very quickly to a production of 700,000 barrels, if attempted to be sold on this sort of market, would mean a price per barrel of $8.21, and a price per gallon of approximately 16 cents.

Now, as I mentioned to you before, that is not the only picture I am interested in. You as practical people know what would happen if the price reached anything like 16 cents per gallon. You would simply stop producing, so that you would put in the checks as rapidly as possible. But our opinion is that on the basis of this 15 years experience, on the basis of the best judgment that I think we could obtain on this subject from this sort of analysis, you stand to have materially lower prices, materially lower prices with each increase in your production.

Now, the picture I am interested in again is in the total income. Not only does it mean lower prices, but as the bottom part of the chart indicates, it means materially lower gross income. In other words, a crop of 575,000 barrels has a value for the turpentine alone of about $17,000,000.

A crop of 600,000 barrels has a total value of approximately $13,800,000.

A crop of 650,000 barrels has a total income of about $10,000,000.

And a crop of 700,000 barrels under this analysis would indicate a total value at Savannah of less than $6,000,000.

Now, if we talk in terms of dollars that is a lot bigger than I really have had any experience in and I suppose are somewhat bigger than most of you have had any experience in, and so all we have to do is to look at this as a pie to be cut. The only point in it is that the pie figure if you do not try to market or produce everything that you can produce.

I would like to skip over very quickly to a somewhat similar picture for rosin. This indicates to you the yearly fluctuations in production, carry-over and price of rosin. Again you find a somewhat definitely upward movement in production down to 1928-29 and 1929-30, and then a distinct slump-off of production until the last four years, when production has been fairly constant.

You find, for instance, in 1932-33, that in spite of the lower production you did not get an increase in price. In general this indicates there again the relationship between price, production and carry-over. When your available supply is large your price is low. When your available supply is small your price is high. But that is not completely true as you can see, and that is because again you have to consider your purchasers. You have in the rosin industry approximately three major purchasers, paper,

paint and soap. I think I have mentioned the three most important, and what they are likely to do entirely depends upon the relative activity in business.

I would like to indicate to you very quickly the particular situation in the last five years. The carry-over and imports of turpentine, for instance, in the last five years were 28 percent higher than they were in the first five years--in the previous five years.

Business activity which represents the demand for your product was 30 percent below what it had been in the previous five years.

Production did increase in these five years. The decrease, however, was 15 percent as compared to a 28 percent decrease--or rather a 28 percent increase in carry-over and imports, and a 30 percent decrease in business activity.

Now, what would you expect to happen to prices in that situation? Prices fell to 44 percent below what they were in the previous five years. Here is the rosin picture as best we can see it in terms of the 1934-35 demand conditions. Again we have a carry-over as of April 1, 1935, which is approximately 100,000 barrels greater than the one I have indicated there.

Now, I want to refer for just a few minutes to what is implied in that statement. I have assumed here the same sort of carry-over as we had on April 1; I have assumed the same sort of business activity as existed during 1934-35. On the basis of the last ten years experience that you have had, I have tried to answer the question, what kind of prices are you likely to expect if you vary production, and what kind of total income are you likely to receive. The bottom of the chart I think tells the story. Again, if you try to market more and more you can do it; you can sell things at a price. I believe that is true. That is

one assumption that one has to make in this sort of thing, but if you want more people to buy under these kind of demand conditions, and I am talking of the kind you get with organizing research organization, one in which you organize market research, but not the sort of demand conditions that you people are facing now and are likely to face in the next year, a production of two million barrels of rosin is worth approximately $11.40 under the conditions of this analysis per barrel, or a production of 2,400,000 barrels is worth approximately $6.19 per barrel.

A production of 2,600,000 is worth approximately $4.19 per barrel.

Those are in each instance 500 pound barrels, and what does that mean in gross income?

A production of 2,000,000 barrels is worth approximately $22,780,000 under this analysis, and a production of 2,400,000 barrels, or 400,000 barrels more is worth approximately $8,000,000 less or $14,900,000.

A production of 2,600,000 is worth approximately $10,900,000.

Now, I want to wind up, and it is very difficult to wind up, but I want to say again that because we think the condition is serious, that that means that we think you must have a program. I don't mean it that way. It does not matter to any of us individually whether you have a program or not. If you had hired us directly, then that would affect the matter a great deal, but you haven't. We simply are here again to help you, first, if you need help, but more importantly if you want help. I would like in that connection to simply mention one thing about the whole program that I think is worth bearing in mind. I think before that I have already referred back to the general condition which I think is important. All of the figures which I showed you were dependent upon a carry-over, in the case of turpentine, which is about 50,000 barrels more than the one

that you now have, and in the case of rosin it was about 100,000 barrels more than the one you now have.

Now, in the case of turpentine in particular it is true that the government is the major owner of stocks of turpentine, but I should like simply to have you try to realize what it means to your price if an effort is made to move stocks of the size of 148,000 barrels, or as I believe the stocks will be, around 175,000 barrels. All of you know it could not be done and maintain any market, and so there is no point in saying that all of those stocks are going to be moved next year or attempted to be moved, but if there was a substantial proportion moved, if there is any material reduction in the stocks over next year, that question directly affects the price, and on the whole if the carry-over is reduced 50,000 barrels which is a pretty big lot, that you just scale down the price to the economid and statistical positions which would be anywhere from $4 to $8 a barrel, and the same thing is true in regard to rosin. We think the situation is serious. But I don't believe it is in the minds of any of you that that is the most important question we are interested in at this time as an industry problem, without it really making any difference in our pocketbooks or in our appetites, or really in our night's sleep. It is not directly personal interest in any way. It is only our view of the industry's problem. In the--in regard to the program of the administration, a lot of you are very leary of the idea of restriction, and so are we. I don't suppose there is anybody anywhere who wants to get rid of food or prevent the production of agricultural commodities if it could be helped. Industry reduced its production by the industries that I have mentioned to you, 28 percent. Now, it did that simply because the alternative to it was lower prices.

Your own industry, in spite of the fact that its customers' purchasing ability has been decreased approximately 28 percent, decreased its own production in the five years about 15 percent. Agriculture has been the only branch of our industrial set-up that has insisted on producing in spite of the price that it might obtain. If they want to continue to do so, the Agricultural Adjustment Act was devised and I believe that it wasn't our job to do so, and it would not be wise to try to force them to do it much longer, but certainly in the last year, especially since the amendment to the Act, I think we have all gotten over any notion of a need for restriction. Now, I don't think that means, however, that the Agricultural Adjustment Act intends unlimited production. It does contemplate what is called an adjustment, what is sometimes called a control, not a control by the Secretary in any case, in any program. In your own case, for instance, we could not even contemplate a program with you if not at least two thirds of you did not want it. We could not even contemplate having a hearing; we could not even contemplate having it again for another year unless you wanted it. In the case of any other program, including the basic programs where you are paying the farmers checks, you don't have them unless you want it done, and each year you have to find by a vote that it should be done.

Now, I am not here from the North nor from the South. I happen to be from the West. I have gained the impression long before I came to the South, that in the South you think a great deal of state and individual rights. You are the most democratic people in the world, I believe. You have a notion of democratically preserving individual rights more than anywhere else, and I think that it was the notion of the Administration or of Congress when it wrote the sort of bill under

which we are acting, that that notion would be maintained. We talk about adjustment, not restriction. When you contemplate a program we try to decide upon it, that we are going to adjust it in terms of better prices and better income for you if you want it.

Now, we can set up, as you know, parity prices in this sort of program. The parity price for your commodity is very high. I think it will return to you--it will, of course, be introduced as a part of the official record when this exhibit is inserted--the parity price for a barrel of turpentine, for a unit of naval stores is approximately $75.79. Well, I suppose you will all like to have that price, but you don't contemplate it, and we don't contemplate you will have it.

Now, we have I believe, adequate safeguards for the consumer. We want to be sure that in helping the farmer we are not hurting the consumer, because Congress has set forth for us that in any attempt we make to improve price, that we do not hurt the consumer.

Now, in finishing I want to insist again that the purpose of this, that this is really an obligation on us, that when we go so far as to have a public hearing we have to set forth for you as a part of the public record the facts under which we came to a hearing. The purpose of what I have just summarized is to show that we believe economically your plan is feasible.

Now, from an administrative point of view, from a legal point of view you may have problems, but that is not my concern. I am supposed to try to handle the economic side of it, and it is only to set forth what we believe to be the marketing principles under which you sell that this particular analysis is offered.

PRESIDING OFFICER GIFFORD: Dr. Gold, for the purpose of the record, the enlarged diagrams which you have exhibited, those are made a part of your analysis?

MR. GOLD: Yes, they are.

PRESIDING OFFICER GIFFORD: The economic analysis of Dr. Gold will be identified as Government's Exhibit 2 and made a part of the record.

(The document and diagrams submitted by Mr. Gold were marked "Government's Exhibit No. 2" and made a part of this record.)

MR. GOLD: Pardon me, that is an analysis of the Economic Analysis Unit.

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: I would like to ask Dr. Gold a question.

PRESIDING OFFICER GIFFORD: Ask it through the Chair, please.

MR. BENEDICT: Did you figure out, Dr. Gold, the relationship of the decrease in per capita consumption of rosin and spirits, the effect of that on the price?

I cannot give the exact figures, but the consumption per capita of rosin during the last several previous years was something like double what it is now.

MR. GOLD: No, I do not have that material.

I might say that I omitted something which I think is very important, and that is, to pay a debt of gratitude to at least two people who I believe are here. One is Mr. Lockwood who has given this industry very recently probably the best data that has ever been available on production, stocks and consumption. I am very sincere when I say that anything the Department

might have tried to do in studying this industry would have been impossible without the data that he provided.

The other person who has over a long period of years, and many others who have contributed, who has given us the basis for this sort of work is Mr. Gamble.

Mr. Lockwood's data made it possible for us to use Mr. Gamble's data in many instances when Mr. Gamble's data were not as inclusive as Mr. Lockwood's data, but between them they really furnished data which made it possible for any sort of study.

I am sorry I do not have any data on what Mr. Benedict has in mind, but Mr. Lockwood may have something on that particular subject.

PRESIDING OFFICER GIFFORD: Is there anything further at this time?

(No response.)

PRESIDING OFFICER GIFFORD: We are going to have to give up possession, gentlemen, of this room in a few minutes for a party tonight, and Mr. Lacy has to leave tonight and he has a matter which he desires to take up at this time.

MR. LACY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Lacy.

MR. LACY: As Dr. Gold has already said, Mr. Chairman, the Agricultural Adjustment Act has a sort of safeguard for the consumers' interests in any program that involves the increase of prices of an agricultural commodity. In most such programs the consumers are too disorganized for the consumers counsel in Washington to obtain very much crystallized sentiments as to what they want or what they don't want, but in this particular program the greater majority of consumers of naval stores are well organized, as you know. The paper sizing industry, the paper industry, the soap

people, and the paint and lacquer industry consume over two-thirds of the production of naval stores.

A telegram has been received which I would like to read into the record at this time. It is from Mr. Gordon, Secretary to the Bureau of Raw Materials for American Vegetable Oils and Fats Industries, and who represents in that capacity the soap industry, the paper sizing industry and to a larger degree the paint, varnish and lacquer industry.

The telegram reads as follows:

"Regret writer unable personally be present at naval stores hearing as took much interest in participating in preliminary hearing leading to formation original marketing agreement. Records of naval stores marketing agreement control committee will show that as member of consumers advisory committee which sat with control committee under terms of original marketing agreement I advised the twenty percent reduction from crop of 1933 and subsequently advised control committee make same cut when it established production quota for 1935. Under these circumstances feel free advise naval stores producers that they would be seriously in error if adhere this twenty percent reduction program, when establishing quota for 1936 crop year. When I advised twenty percent reduction domestic and world business conditions were bad, stocks on hand were heavy conditions now changed. Present market for naval stores reasonably satisfactory to producers and competitive situation will not stand much higher price level. Twenty percent reduction from thirty-three production will leave only one million seven hundred thousand barrels of rosin for next year. My belief is that exports rosin and domestic consumption next year should total as heavy as in 1933 when exports amounted to one million two hundred thousand barrels and domestic consumption totaled eight hundred thousand which would

require total of two million barrels or three hundred thousand barrels more than the twenty percent cut would allow to be produced next year. While carry-over totals one million barrels only four fifty five thousand of this is represented by yard stocks, two ninety thousand of which is in hands of government. General understanding is that cooperage on this government stock is in bad condition which would make it difficult to move. Stocks in hands consumers should not receive undue consideration as paper industry appears has no reserve supplies, varnish industry supply is light and while some soap makers have considerable stocks they are not distributed generally through industry which would be of little value in easing tight market situation as holders would not resell. Think naval stores industry had best make not more than five or ten percent reduction at maximum as compared to 1933 crop otherwise bootlegging on one hand would serve to break down marketing agreement and substitutes on other hand would permanently cripple domestic naval stores market if industry were placed in position where unable supply demand for naval stores at competitive price. Domestic turpentine market being cut into more and more daily by mineral spirits which requires all the greater care for preservation of rosin market. My redommendations are submitted as representative of a large proportion of domestic naval stores consumers."

That is signed by John B. Gordon, Secretary, Bureau of Raw Materials for American Vegetable oils and fats industries.

Now, it should be clear that neither I nor any of my colleagues at the bench approve or disapprove the figures contained in this telegram as correctly representative here, but it is my duty to read it.

I thank you.

PRESIDING OFFICER GIFFORD: Is there anything further, Mr. Lacy?

MR. LACY: I think not.

PRESIDING OFFICER GIFFORD: At this time, gentlemen, we are required to give up possession of this room in order for the management of the hotel to get ready for the engagement tonight, and I take it we can all reconvene in the morning at nine-thirty.

Does anyone want to object to meeting that early?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will adjourn to meet in this hall at nine-thirty o'clock a.m. tomorrow morning.

(Thereupon, at 6:00 o'clock p.m. the hearing was adjourned until 9:30 o'clock a.m., November 1, 1935.)

UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICIAL REPORT OF PROCEEDINGS

BEFORE THE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

In re:	
Hearing with reference to a PROPOSED MARKETING AGREEMENT and PROPOSED ORDER for HANDLERS OF NAVAL STORES.	Docket No. A-8 - 0-8.

HEARING AT Jacksonville, Fla.

Date Nov. 1, 1935.

NEIL SATTERLEE

OFFICIAL REPORTER

1101 Ashland Block, Chicago, Ill.
1742 K Street N. W., Washington, D. C.

BEFORE THE SECRETARY OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION.

In re:	Docket No. A.8 - 0.8
Hearing with reference to PROPOSED MARKETING AGREEMENT and PROPOSED ORDER for	Naval Stores
HANDLERS OF NAVAL STORES.	Jacksonville, Fla.

Friday, November 1st, 1935,
Mayflower Hotel,
Jacksonville, Florida.

Hearing resumed pursuant to adjournment, at 9:30 a.m.

PRESENT: Same as before, and the following additional appearances:

GEO. T. RIVES, Brunswick, Georgia, representing J. L. Raulerson, Hortense, Georgia.

H. WEIBERT, Jacksonville, Florida, representing Peninsular Naval Stores Company, Jacksonville, Florida.

G. R. TENNENT, Hopewell, Virginia, representing Hummell-Ross Fibre Corporation, Hopewell, Va.; Champion Fibre Company, Canton, N. C.; Bogalusa Paper Company, Inc., Bogalusa, La.; and West Virginia Pulp & Paper Company, Covington, Va.

F. W. KRESSMAN, Laurel, Mississippi, representing Continental Turpentine & Rosin Corporation, Laurel, Mississipi.

S. H. MC CORMACK, Newport, Indiana and Pensacola, Florida, representing various steam Dist. wood and turpentine and rosin producers.

D. L. HANDLEY, Holopaw, Florida, representing Peavy Wilson Company, Holopaw, Florida.

JOSEPH E. LOCKWOOD, Savannah, Georgia, representing self.

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P R O C E E D I N G S

PRESIDING OFFICER GIFFORD: The hearing will come to order, please.

There are not so many of us here and if you will gather up a little closer in the hall I am quite sure you will all hear much better.

At the adjournment last night we were hearing objections and statements in opposition to any control program whatever. This morning we will continue that discussion.

However, I realize that you all do not want to remain here a long time, and as you are particularly interested in the discussion and the questions you have to present which could probably be better presented in the discussion of the proposed instrument section by section. We do not, however, want to preclude anyone from stating any opposition he has, only I shall ask you not to make the facts cumulative but if you have any new facts please confine yourself to them as much as you can to keep your various thoughts organized.

Mr. Rives.

TESTIMONY OF GEORGE T. RIVES,
BRUNSWICK, GEORGIA,
REPRESENTING J. L. RAULERSON, HORTENSE,
GEORGIA,
AND OTHERS.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the record, won't you please state your name and address.

MR. RIVES: George T. Rives, Brunswick, Georgia.

PRESIDING OFFICER GIFFORD: And you are a factor?

MR. RIVES: Executive vice president of the Downing Company, but I am not speaking for the Downing Company. Mr. Reese has very clearly and nicely stated our position. I am speaking individually.

As a matter of record I want to say that I filed with the clerk

about a dozen more or less appearance blanks and all of those were protesting against having a marketing agreement.

I also want to endorse Mr. Ottmeier's remarks.

I also want to say that the one thing I have gotten from the marketing agreement has been the very pleasant contacts I have made with both the Washington officials and my fellow workers.

I thank you.

PRESIDING OFFICER GIFFORD: Anyone else who desires to speak in opposition to any control program at all?

TESTIMONY OF H. WEISERT,
JACKSONVILLE, FLORIDA,
REPRESENTING PENINSULAR NAVAL STORES COMPANY,
JACKSONVILLE, FLORIDA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the purpose of the record will you please give you address and whom you represent.

MR. WEISERT: H. Weisert, Jacksonville, Florida, President of the Peninsular Naval Stores Company.

Mr. Chairman, the previous marketing agreement has convinced me fully that I am not converted, and I cannot see that the proposed marketing agreement would change this condition.

The allotment feature in the marketing agreement has brought about a most inequitable condition. The majority of my producers have been very much injured by it. We commenced at the time of the marketing agreement being proposed to go into effect to reduce our workings in order to produce smaller crops and thereby maintain the price in the face of bad economical conditions.

When the marketing agreement was put in effect the allotments were based on the production of the producers. Our producers had to further reduce their production and a great many now are reduced so much that they are

practically out of business.

I am therefore vigorously and absolutely opposed to any allotment feature in a marketing agreement.

PRESIDING OFFICER GIFFORD: Anyone else desire to speak his opposition?

(Witness excused.)

TESTIMONY OF O. T. MC INTOSH,
SAVANNAH, GEORGIA,
REPRESENTING SOUTHERN STATES NAVAL STORES
COMPANY,
SAVANNAH, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

MR. MC INTOSH: Mr. Chairman and gentlemen, in order that I may be brief, and it seems briefness is desirable, I have adopted the procedure of one of the gentleman who spoke yesterday in opposition to the proposed marketing agreement, and I have prepared a few notes.

I desire briefly to express my opposition to the proposed marketing agreement or to any marketing agreement in which the element of coercion is included.

I do not believe that there is any right under our form of government for any majority, however great it may be, to impose its will upon the remainder.

I merely give that as my own individual sentiments and conviction.

I am against the proposed marketing agreement because it almost exactly parallels the old agreement, and because the old agreement did not accomplish the objects for which it was designed.

It has been testified that sundry benefits occurred to the industry from the old agreement. That testimony can be little but opinion. Others hold contrary opinions, myself included.

Specifically, to the best of my knowledge and belief, in 1934 the

first effect of the application for a marketing agreement was to increase the 1934 production. Most people in the naval stores industry apparently believed that various cash benefits, loans and so forth would accrue to them if they could organize, and they prepared to make all the steps they could so that they might take advantage of the golden tide that they expected to flow in their direction, and of which other commodities had already felt the effect.

The production, as a matter of fact, was far in excess of the total allotment. Jesters were made toward control by the Control Committee but finally any attempt was given up and the total production was marketed.

In 1935, warning was given that the marketing agreement would be strictly enforced. The great majority of the producers, I believe, did adhere to the allotments given them until the time of the suspension of the agreement.

It has also been stated that reducing production means a higher price. That is true, but it is sometimes a fallacy. If the consumer has a right to believe that only a certain amount of any product is going to be made he is going to trim sales accordingly, and he is not going to run the risk of being squeezed. Naval stores while an essential commodity can still be in great measure supplanted by other things. If you would go and cut all naval stores in half and give warning to the consumer that that was going to be the case, you would not have a demand probably for anymore than half. No manufacturer depending upon a large amount of naval stores in his operation, knowing that that operation is going to be brought about and that his supply is going to be materially reduced, is going to fail to take measures to protect himself.

It is proposed that the consumptive demand be determined and production be planned accordingly. I have been in the naval stores business

for a great many years and I would defy the most expert naval stores people to predict a crop within 10 per cent from any certain number of boxes that are in operation.

If you were to figure on a normal production that would only allow 5 per cent for one side or the other of the line. We have frequently, through weather or other causes, had a crop that was 10 per cent or more from the expectations.

When it comes down to figuring the consumption, I believe that is a still more difficult matter. With the rapidly changing conditions in the world today, the consumption of naval stores may be tremendously accelerated or slowed up. Estimates are based upon the figures of the past or past performance with theory combined, and the future is figured out on a purely mathematical basis.

Now, figures do not lie, but with the vast changes in demand and world conditions, they do not invariably give us a true conclusion.

It is something like Dr. Gold's price chart that is extremely interesting and doubtless based upon the best theory and data obtainable and undoubtedly his figures are down to a mathematical certainty so far as the figures are concerned. But nevertheless, unless I am mistaken, if a crop of 750,000 or 800,000 barrels of turpentine was made, then it would be indicated by that same chart that we could not sell them at all, that we would have to give it away and would have to pay somebody to take it off of our hands. That I think is beside the question.

In the old agreement, the doubt as to whether the Act under which it was proposed would stand the action of the courts has caused a widespread doubt in the mind of the producer as to whether a marketing agreement if supported and adopted would ever be enforceable or ever be enforced.

The man who defied the old agreement presumably benefitted. His neighbors have seen, that is the neighbors of many turpentine operators have seen the other man has not observed its requirements to make as much stuff and sell as much stuff as he pleased and do it with impunity. Therefore it means, until and unless some court of final resort has either ruled the amended Act constitutional, or passed upon a specific naval stores agreement, there will be ten where there was one who will openly defy the act, and as they are going ahead and making their preparations without any consideration as to whether or not a marketing agreement may or may not become effective, even if a court was to rule that the marketing agreement was sound law, there would nevertheless be a large part of the industry determined to market their goods, and it would take the strong arm of the United States government and the tremendous police power of the government to make it effective.

That in itself would bring about an almost intolerable condition, where a large part of any industry is in an attitude of defiance, and would sooner or later almost inevitably, from one cause or another, upset the agreement if it could be called an agreement where a man is forced to do anything against his will.

There is furthermore this fact to consider; we are just now at that time of the year when producers are planning their ensuing year's operations. Today, if a producer merely holds his hand he holds his hand because a marketing agreement may become effective, he is going to be at a very distinct disadvantage as compared with his neighbor who is going ahead and taking a chance with the idea of defying the agreement or trying to market his stuff.

It may not generally be conceived, but these turpentine operators are in a highly competitive business. The supply of timber on which the

foundation of their business depends is generally marketed at this time of the year. A turpentine operator cannot go out and buy timber when he wants to buy it. He has got to but it when the seller is willing to sell, and if he does not buy that piece of timber which the next door neighbor has, and nobody else buys it, he limits his business and lessens its future.

We have heard much about the enormous amount of timber that is being purchased this year and the prospects of an overwhelming crop next year. I do not believe that such is within the range of possibility. There is unquestionably being a large amount of money spent for timber, but it is rather the high price of timber than the amount of the timber that is being sold. Over a large part of the territory production is today at its peak, and in many instances it is about to be on the wane until a new supply of timber is grown or comes to maturity. Therefore, a man whose operations are going to naturally decrease unless he buys something and perhaps decrease even if he does buy something, is concerned with the necessity of buying it now or going practically out of business. And when you can hardly find any single operator in the belt that has not got a neighbor in his community that is raring to buy now that timber, and at least one neighbor in that vicinity who will take a chance on buying it, on buying up the available supply of timber, he has either got to do business now or quit.

It is most unfortunate therefore that this situation of uncertainty exists at this time of the year.

In looking at the outside page of this marketing agreement, it is a proposed marketing agreement for handlers of naval stores, and the handlers of naval stores are defined to include processors, dealers, factors, inferentially with the turpentine and wood rosin manufacturers, associa-

tions of producers engaged in selling or handling naval stores.

It would be interesting to know what the voting basis of each of the above groups is.

Again, presumably, as all of these different interests are included in the general definition "handlers", each of them would have a vote. If that was the case, the processor would vote the approximate size of the crop, the dealers would vote the approximate size of the crop, the factors would vote the approximate size of the crop, and in addition to that there would be the wood turpentine and wood rosin manufacturers.

In other words, merely as a guess, there would be one and a half million to two million barrels or units voted as against a production of around 500,000 barrels.

The marketing agreement is just a little vague as to the required vote to authorize the Secretary to issue an order. Again, presumably, it would require a vote of 50 per cent of the production out of the turpentine area, and again it might be inferred that out of that one and a half million or two million units that would be voted, that the Secretary could put into effect an order upon an affirmative vote of some 250,000 barrels, or half the crop.

I have commented on that because I certainly dislike personally to see an order issued if the marketing agreement does not meet with the assent of a majority of the industry.

Further, as I understand the marketing agreement, that if there was an affirmative vote of an amount sufficient to authorize the Secretary to issue an order under the marketing agreement, that the marketing agreement could not and would not become effective until the Secretary had determined that it was favored by two thirds of the producers either by volume or number. Therefore, while my interpretation may be incorrect it appears to

me that if the handlers voted so as to authorize the Secretary to issue an order, that it would then be necessary to take a poll of the producers, and whether it would be required that another hearing should be held for producers and go through the full formula as has been gone through in this hearing, I do not know, but it will certainly take some little time for the result of this handlers proposition to be determined, and after it is determined then to again have to submit the matter to the producers, a large part of our season or preparation for next year's business will be passed. In the meantime there will be an absolute state of uncertainty existing in everyone's mind, and while it is not testimony but only an opinion, I do not believe it is possible to secure a two-thirds affirmative vote of the producers to the marketing agreement.

In other words I think we took a swing at the ball in 1934 and fanned, and we took another swing in 1935 and fanned, and I believe when the proposition is put up this time it will be three strikes and out. That is the way I feel about it.

I am fairly convinced that a marketing agreement on some voluntary basis would be a benefit to the naval stores people. However, it is my observation with the producer, whether he be a naval stores producer, a cotton man or a tobacco man, or whatever he may be, that he does not sign an agreement unless he has or feels that he has a benefit, not a possible benefit, but a real benefit, and when I speak of benefit I mean the cash in hand. That is what he means. You could not get adherence in any of the major agriculture industries or you could not hold them in line with the United States army unless they felt they were being amply paid for whatever they surrendered.

Personally, I have already expressed my opinion, I am not in favor of a marketing agreement with any element of coercion whatsoever in

it.

Mr. Barkalow has stated very fully that it is impossible to offer the naval stores industry a marketing agreement under which a benefit is guaranteed. That being the case I don't think there is the remotest chance at this time, whatever the consequences may be, of making any marketing agreement effective, and if that be the case the earlier it is determined the better it will be for the naval stores industry as a whole.

Gentlemen, I thank you.

PRESIDING OFFICER GIFFORD: Mr. McIntosh

MR. MC INTOSH: Yes, sir.

PRESIDING OFFICER GIFFORD: Just a question, please. Dr. Gold would like to ask you a question.

MR. MC INTOSH: Yes, sir.

DR. GOLD: I would like to ask you quite a number of questions, Mr. McIntosh.

MR. MC INTOSH: All right.

DR. GOLD: I would like you to discuss a little more the statement that naval stores can be usually supplanted by other commodities. I want you to particularly discuss the rosin phase of the naval stores industry.

Do you believe that rosin can be supplanted by other commodities? Well, I will change that question.

Are you acquainted with the industrial uses and chemical qualities of rosin?

MR. MC INTOSH: Of rosin?

DR. GOLD: Yes.

MR. MC INTOSH: To some extent.

DR. GOLD: Then do you believe that rosin can be easily supplanted by other industrial products?

MR. MC INTOSH: I think I stated that while an essential commodity, a large part of it could be supplanted by other commodities. I referred to the case of rosin, and especially to the soapers whom I believe are one of the two largest users -- perhaps they use a little less at this time than the paper industry -- there is no question but that the entire amount of rosin used in soaps could be supplanted by fats, greases, and other acids.

And it is furthermore merely my opinion that if the three or four great soapers were to absolutely leave rosin off altogether, and devote their entire attention to other soaps and advertising, as they do, upon the quality of other soaps, it would not be but a very short time before rosin soap would be antiquated in the public eye.

In other words, to answer one big question, I believe it could be supplanted 100 per cent in soaps.

DR. GOLD: Are you acquainted with the type of soap that uses rosin?

MR. MC INTOSH: Am I acquainted with the soap?

DR. GOLD: Yes, are you acquainted with the types of soap that use rosin?

MR. MC INTOSH: Yes, sir.

DR. GOLD: Well, do you believe that rosin could be supplanted in that type of soap?

MR. MC INTOSH: Well, I don't think you could make exactly the same type of soap, but I think you could make a perfectly serviceable soap. It might or it might not be as desirable for certain uses.

DR. GOLD: I am thinking particularly of the price and the sort of soap that rosin is used in. Do you believe that tallows, fats and oils could be substituted for rosin in that kind of soap?

MR. MC INTOSH: Well, it would not be that kind of soap if those were substituted.

You mean soap, not of the same characteristics, but a serviceable soap?

DR. GOLD: The same price soap.

MR. MC INTOSH: The same price soap? Well, that would depend altogether upon the sources of the fats and greases.

DR. GOLD: Are you acquainted with the present condition with regard to fats and greases?

MR. MC INTOSH: This again is merely an opinion, but I should say that rosin is perhaps anywhere from 33-1/3 per cent to 50 per cent cheaper than fats and greases, for the same purposes.

DR. GOLD: Are you acquainted with the export market, the volume of rosin that goes into export?

MR. MC INTOSH: Roughly speaking, about half.

DR. GOLD: About 50 per cent. I believe that is correct.

Do you believe that considering the foreign condition in regard to fats and tallows, that rosin could be substituted in foreign markets?

MR. MC INTOSH: I don't think I have enough expert knowledge of conditions at this time, but there would probably -- now, we are only speaking on theory now -- but if that were the case, that they had to do it, that probably there would be within a very reasonable time a supply from some source, whether it was in America or in those particular foreign countries or it camefrom South America, -- if there was a demand for tallows, greases and oils for the entire soap production it might not be a matter of one month or one year, but finally it would be supplied.

DR. GOLD: You are acquainted with the proportion of world production that uses supplies of rosin?

MR. MC INTOSH: About 55 per cent.

DR. GOLD: Well, I will ask others to discuss that if necessary,

but my opinion of it is that there is at least 70 per cent of the world supply of rosin.

Now, I would like to question you somewhat in regard to what you think the industry should produce for. You discussed the fact that if the industry didn't produce it would lose its market?

MR. MC INTOSH: Yes.

DR. GOLD: Do you mean, therefore, that the industry should produce regardless of any consequences on its own price?

MR. MC INTOSH: No, I do not.

DR. GOLD: Do you have any notion of what the industry should try to do in regard to production and consumptive demand for that commodity?

MR. MC INTOSH: Well, your question is just another way of asking if I think the crop should be controlled.

DR. GOLD: No, I don't want to ask you that.

MR. MC INTOSH: All right.

DR. GOLD: What I am trying to get at is, whether you think the industry should study what supply the industrial consumers will take and whether they should try voluntarily or on any other basis -- simply on an individual basis if you like -- to produce in terms of that sort of demand.

MR. MC INTOSH: I think it is up to every individual to post himself to the best of his knowledge and ability and base the volume of his business upon his expectations of markets.

DR. GOLD: Do you believe that it is good for the industry to accumulate carry-overs?

MR. MC INTOSH: Within reason, yes.

DR. GOLD: In other words, you feel that there is such a thing as an adequate merchantable carry-over?

MR. MC INTOSH: Yes, sir.

DR. GOLD: Have you given any thought as to what you think the industry needs as a merchantable carry-over?

MR. MC INTOSH: My own idea is that in primary markets it would be never less than 100,000 barrels of turpentine at the low.

My reasons are these: I do not believe in the policy of scarcity. I do believe in ample supplies of all of our raw materials and commodities. I foresee that there may at any time be eventualities, as have occurred in this country before, when the so called surplus would disappear like a mist before the sun. The operation of the World War was one time. It did not apply in the beginning; we did not feel it in naval stores in the beginning, we only felt it in the end, but I am rather a convert -- I will not say to the granary idea -- but I do believe in a country with our population and resources, that as a general principle it would not be too much for the United States of America to have on hand at the low water rail an amount of cotton or corn or wheat or naval stores, or what not, that would carry this country for at least six months. I think as a policy -- well, I don't think the United States could be hurt by it as a policy over a long extended period of time.

DR. GOLD: You discussed, I believe, the fact that it would be impossible to determine any production adequate for the United States within 10 per cent or some such figure.

MR. MC INTOSH: No, it would be impossible to predict a crop within 10 per cent, but figuring upon it arbitrarily, both size and number of operation, that is, the total number of trees worked, if you would figure that, for instance, this year there were 12,000 crops and it would be impossible to say with any definiteness within 10 per cent of what the production of that expected timber would be.

Of course, that again could be arbitrarily done by quitting work.

PRESIDING OFFICER GIFFORD: Pardon me, Mr. McIntosh.

MR. MC INTOSH: Yes, sir;

PRESIDING OFFICER GIFFORD: You are turning away from the microphone and I am afraid those in the rear of the room cannot hear you.

MR. MC INTOSH: Yes, sir.

PRESIDING OFFICER GIFFORD: WILL you turn back to the microphone, please.

MR. MC INTOSH: Yes, I will be glad to.

DR. GOLD: Is that the reason, Mr. Mc Intosh, that you believe that a carry-over is very important?

MR. MC INTOSH: I do.

DR. GOLD: In other words, the carry-over will take the shock in case the production is not sufficient for what is believed to be the marketable quantity?

MR. MC INTOSH: Well, I look at it rather from another angle. I believe that we should get away -- but how it should be accomplished, I do not know -- that we should get away from the idea that because there are reserves that would take care of several months demand of any commodity, that the world should get the remainder of the staff for which there is a demand, for nothing.

DR. GOLD: You don't want them to do anything like that.

MR. MC INTOSH: No, I do not.

DR. GOLD: I did not quite understand you in discussing the activities under the agreement in 1934 and especially in 1935. Do you mean that every body was violating the agreement in regard to production?

MR. MC INTOSH: In 1934 for the first -- well, until about July, there were probably two-thirds of the operators, which is only an estimate, who did observe the terms of the agreement.

DR. GOLD: Now, when you speak of two-thirds do you mean by volume or by number?

MR. MC INTOSH: I think it would be approximately the same either way.

Probably two-thirds adhered up to that time. By that time it was found out by those who believed that the marketing agreement was enforceable and was going to be enforced, that some thirty-three and one-third per cent -- which is again an estimate, -- were selling their goods as they pleased, and while there were threats of dire consequences nothing was done about it. It was apparent that no effective measures were going to be taken for control, and so universially then each and every producer that I have any information in regard to, sold all the stuff he made whether or not it was over and beyond his allotment. So, I would not say that every individual violated the agreement or exceeded his allotment, but I would say that everyone of them that needed to do so to dispose of his total output did do so, and that was probably about 90 per cent.

That is for 1934

DR. GOLD: You discussed the fact that you would not like to see any sort of program in which most of the people were going to be in defiance of that program. Did you contemplate that the industry or administration would enter into an agreement in which the vast majority of people did not signify that they wanted to comply with the program?

MR. MC INTOSH: I don't think I said "vast majority".

I said a very much greater number, probably ten times the number that defied it during the past year would go into this season with the intention of defying it.

MR. GOLD: In spite of the fact that they would sign any sort of agreement?

MR. MC INTOSH: I don't think that they would sign.

DR. GOLD: Yes, but what I was trying to bring out was, whether you felt that anyone would contemplate a program of any sort or any agreement in this industry in a majority, a very substantial majority, both by number and volume, indicating that they wanted it? In other words, would sign it.

MR. MC INTOSH: I think today that if -- well, I am convinced, as I said before, that two-thirds of the producers will not sign. That would make the discussion purely academic because there is no chance to have any such agreement unless they do, but I do believe that thirty-three and one-third per cent -- I believe that you have got two-thirds acquiesence, but I believe if there was one-third of any industry that was determined to defy it, that would bring about such an intolerable situation that it would not be workable.

DR. GOLD: You mentioned that inferentially the wood processors were part of this agreement. As you read the agreement wouldn't you feel that directly they are incorporated as part of this agreement?

MR. MC INTOSH: I think I meant that "inferentially" to apply to their voting power, to either make the handlers' agreement effective or not effective.

DR. GOLD: As you read the agreement they are distinctly parties to it?

MR. MC INTOSH: They are distinctly parties to it.

I should have used the word "presumable" rather than "inferentially".

DR. GOLD: One other thing I should simply like to ask you.

You brought up the problem of how the voting would be made for any sort of an agreement and you suggested that conceivably there might be as much as two million units to vote on the problem. We are going to have a

discussion on that, and at that time I think if you would bring up that matter again it could be discussed.

The Act very clearly sets forth the conditions under which there would be a vote and I don't think it contemplates anything like a pyramiding that you are suggesting.

MR. MC INTOSH: The only thing that occurred to me was because the processors process practically all of the entire crop and because the processor is made a party to this agreement for handlers, and because the factors and dealers in the wood industry are made parties, it did not seem to be logical that the vote as someone suggested might be combined to the processors, that I did not see how legally -- while I am not a lawyer, I did not see how the processor could vote for the handler, so to speak.

DR. GOLD: I am merely asking you to reserve your discussion on that point.

MR. MC INTOSH: I will be glad to. I only commented upon that because the agreement states it is for the handlers.

MR. BARKALOW: Mr. Mc Intosh.

MR. MC INTOSH: Yes, sir.

MR. BARKALOW: I would like to ask you a question if I might.

MR. MC INTOSH: Yes, sir.

MR. BARKALOW: You have used the word "producers" several times, once with respect to the fact that you felt that they might have to call a meeting, another meeting of the producers in order to get their assent to a program.

MR. MC INTOSH: Yes, sir.

MR. BARKALOW: What do you conceive to be a producer?

MR. MC INTOSH: I conceive the producer to be a processor where he also operates timber and produces the gum.

I also conceive the producer to be any other individual who works a tree and gets the crude gum therefrom and hires the processing done instead of operating a still and processing it himself.

Now, again, these legal questions I am not prepared to discuss them from a legal standpoint, but again a very, very large part of the production of naval stores has its beginnings with the man who operates the timber and derives gum therefrom, but who sells that gum in that state. He would in my judgment be entitled to be classified as a producer for voting purposes, because he is as a rule one of the men that from an agricultural standpoint is the closest, in the closest contact, and more directly represents the status of an agriculturalist because these people largely operate timber and sell the gum, as a rule, are working on their own farms and their own lands. It would be easy for them as a mere matter of convenience, as a rule, that they sell that gum to some processor, so he could hire the distilling done or the processing of it done, and sell it in its finished form, and it seems to me that would certainly qualify him as a producer even under a technical view of the case.

MR. BARKALOW: Well, you understand do you not, that there is a distinction between the amended Act and the old Act, in that under the old Act the producer was conceived to be a man who produced gum, whereas under Section 8-c (2) of the new Act we deal now exclusively with naval stores; and naval stores, as I understand the term, constitutes the processed product, so the producer in this case will not be a gum producer. It will be a producer of naval stores, the man with the still.

Now, I believe those gentlemen are attending this meeting.

MR. MC INTOSH: Well, how about the man who has his distilling done and sells the product himself in its finished form?

MR. BARKALOW: He is not a producer of naval stores, in that he does not produce turpentine and rosin. He produces gum which is afterwards distilled.

This Act cuts a line in that process which was not in there before.

MR. MC INTOSH: How about cotton finished, the producer of cotton, who produces the raw cotton and carries his bale of cotton to the gin and has it ginned, does he lose his standing as a producer?

MR. BARKALOW: We are not dealing with cotton in this Act. We deal with naval stores, and the producer of that product is the man who distills the gum and produces the stores.

MR. MC INTOSH: W ell, Mr. Barkalow, here is the propositon: there is a considerable amount, a very large amount of naval stores which is distilled for hire. There is a tremendous amount that is produced in its raw state.

This is a matter in which I am not vitally interested at this time, but I do believe you eliminate the producer of gum, that to eliminate the producer of gum, the producer of gum who hires his distilling done, would set up another great unsatisfied class within the naval stores industry, with the consequent percussions all along the line against having an effective agreement.

MR. BARKALOW: Can you conceive of a situation where you may have a dual capacity of handler-producer under the new Act?

MR. MC INTOSH: I can conceive of the handler-producer, the factor-producer and dealer, yes, sir.

MR. BARKALOW: Then do you still feel it would be necessary to go back to the producer of gum to get a vote of the producers when this Act deals with naval stores?

MR. MC INTOSH: I am not attempting to argue that question. It is a technical legal point as I conceive it.

Again I believe that a large element in the industry will believe that they are deprived of any say-so or vote, by what he will construe as a subterfuge. In other words, the producer who has classed himself as a producer, who has been commonly known to the trade as a producer is eliminated.

That really is just bringing that view to the forefront.

MR. BARKALOW: I would like to ask you another question, Mr. McIntosh.

MR. MC INTOSH: Yes, sir.

MR. BARKALOW: In your testimony you quoted me as having said that there was no benefit guaranteed under this agreement. When you used the term "benefit" just what did you mean?

MR. MC INTOSH: Well, I contemplated a benefit as is commonly used, we will say, for instance in the cotton, tobacco or some of those programs where the producer is offered a payment, we might say, or a benefit for reducing his production perhaps, or perhaps loans which amount to a guarantee on that which he does not produce.

MR. BARKALOW: You referred then to a benefit payment and not to the fact that no good could come from the program to the industry? You meant a benefit payment.

MR. MC INTOSH: I think I spoke of the possible good as negligible.

MR. BARKALOW: But you did not quote me as having said that.

MR. MC INTOSH: I only meant to quote you, to make it of record, that the payment for decreased production or the fixing of a price in the case of naval stores, was not provided for in the Act.

I think that makes it clear. I am sorry.

DR. GOLD: Mr. McIntosh, I would like to understand a little more clearly your discussion of people who have crude gum processed.

Do I understand you correctly that you were referring to a large class of people who hire their distilling?

MR. MC INTOSH: I can only say from our own experience, about 15 per cent of the goods that was being handled — I am only speaking of my own company — is produced by — this word "producer" has me baffled, I don't know what to call them — produced by the woodsmen that put on overalls and go out and dip the boxes and carry those gum barrels to a still and pay the man so much to distill that stuff for him, and then takes those goods and hauls them to Savannah or somewhere else or puts them on a railroad train as rosin and turpentine.

DR. GOLD: In other words, that is exactly what I wanted, Mr. McIntosh. He owns the naval stores once he has had them processed?

MR. MC INTOSH: Yes, sir.

DR. GOLD: So that he becomes a member of this particular agreement?

MR. MC INTOSH: He owns it in its crude form and he owns it in the finished form.

DR. GOLD: Yes, he owns the naval stores.

MR. MC INTOSH: He owns it while it is going through the still and in a great many cases he furnishes his barrels and material to put it into.

MR. BANKHEAD: Then is it clear that it is not in that sort of processing, the commodity does not become affected by this Act until it becomes naval stores and at the time it does the man who produced the gum owns the naval stores?

MR. MC INTOSH: He does, yes, sir.

MR. BANKHEAD: The Act would come to him when he is in possession of the naval stores, is that clear?

MR. MC INTOSH: That seems to be clear.

MR. BARKALOW: Now, could you give me some idea of the amount of this so called custom distillation where it is distilled for hire; is that a large percentage?

MR. MC INTOSH: I have just said it is about 15 per cent, that about 15 per cent of all of our receipts comes from that class of producer. I am going to call him "producer" because I just can't remember to call him anything else.

MR. BARKALOW: Producer of gum, would make a distinction, I think.

MR. MC INTOSH: Producer of gum would make a distinciton, yes.

I imagine that, or I would presume that probably anywhere from 10 to 20 per cent of Georgia production is not processed by the man who sells the finished goods.

PRESIDING OFFICER GIFFORD: Mr. Ward, did you have a question?

MR. WARD: That is what I wanted to ask.

PRESIDING OFFICER GIFFORD: Thank you very much Mr. McIntosh.

(Witness excused.)

DR. GOLD: I wonder if Mr. Spitz would answer a few questions for us.

PRESIDING OFFICER GIFFORD: Mr. Spitz, will you come forward please.

DR. GOLD: Mr. Spitz, I would like to ask you a few questions, please.

TESTIMONY OF S. J. SPITZ,
NEW YORK, N. Y.,
REPRESENTING NEWPORT INDUSTRIES, INC.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Mr. Spitz, for the record will you please give your name to the reporter.

MR. SPITZ: S. J. Spitz.

PRESIDING OFFICER GIFFORD: And your residence?

MR. SPITZ: New York.

PRESIDING OFFICER GIFFORD: And your connection with the naval stores industry.

MR. SPITZ: I am vice president of Newport Industries.

DR. GOLD: Mr. Spitz, I want to ask you this question: I believe you are familiar with the marketing of rosin?

MR. SPITZ: I am familiar with the marketing of wood rosin.

DR. GOLD: Could you give us some information in regard to the substitute ability of rosin by other products?

MR. SPITZ: I don't believe that you could get a substitute for rosin at anywhere near a price at which rosin sells. I am absolutely convinced that you can get a substitute for anything if you spend the money in research and so on, but rosin selling at, say, two and one-half cents per pound, I do not believe that there is any substitute for rosin at anywhere near that price.

DR. GOLD: That is all I wanted to ask you. Thank you very much.

(Witness excused.)

PRESIDING OFFICER GIFFORD: Before proceeding with the discussion which is getting down near to the matters in which you are interested from an economic standpoint I want to request that if there is anyone else who desires to speak in opposition to this agreement, that they will have opportunity now to do so.

MR. MC CORMACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Just a minute, please; will you give us your name.

MR. MC CORMACK: J. H. McCormack.

PRESIDING OFFICER GIFFORD: Will you be sworn please, Mr. McCormack.

MR. MC CORMACK: Yes, sir.

TESTIMONY OF J. H. MC CORMACK
PENSACOLA, FLORIDA
NEWPORT INDUSTRIES INCORPORATED,
AND VARIOUS STEAM DISTILLED
WOOD TURPENTINE AND ROSIN PRODUCTS,
PENSACOLA, FLORIDA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the purpose of the record will you give us your residence, please?

MR. MC CORMACK: Mr. Chairman, my residence is Pensacola, Florida.

PRESIDING OFFICER GIFFORD: And your representation?

MR. MC CORMACK: I represent the Newport Industries and all other producers of steam distilled naval stores.

PRESIDING OFFICER GIFFORD: Thank you. You may proceed.

MR. MC CORMACK: Mr. Chairman, ladies and gentlemen, I represent all of the producers of steam distilled wood naval stores and register on behalf of those producers the opposition of that branch of the industry to the proposed marketing agreement.

A brief will be filed by that industry within the specified time setting out in detail our opposition to the proposed marketing agreement.

I thank you.

(Witness excused.)

PRESIDING OFFICER GIFFORD: Is there anyone else who desires to voice an opposition?

MR. TENNENT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Will you come forward and be sworn, please.

MR. TENNENT: Yes, sir.

TESTIMONY OF G. R. TENNENT
HOPEWELL, VIRGINIA,
REPRESENTING HUBBEL-ROBB FIBRE CORPORATION,
HOPEWELL, VIRGINIA;
CHAMPION FIBRE COMPANY, CANTON, NORTH CAROLINA;

BOGALUSA PAPER COMPANY, INCORPORATED
BOGALUSA, LOUISIANA,
WEST VIRGINIA PULP & PAPER COMPANY,
COVINGTON, VIRGINIA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the purpose of the record please give your name and address to the reporter, so that the audience will know who is testifying.

MR. TENNENT: My name is G. R. Tennent.

PRESIDING OFFICER GIFFORD: And your address?

MR. TENNENT: Hopewell, Virginia.

PRESIDING OFFICER GIFFORD: And your representation?

MR. TENNENT: I am representing the sulphate wood turpentine industry, the Hummel-Ross Fibre Corporation, the Champion Fibre Company, the Bogalusa Paper Company, Incorporated, and the West Virginia Pulp & Paper Company, and within the specified time I will file a brief in opposition to any agreement, insofar as we feel that our industry has no part in any marketing agreement of this type.

DR. GOLD: I wonder, Mr. Tennent, if you would outline very briefly the characteristics of your industry in relation to your statement.

MR. TENNENT: We feel that insofar as our industry is concerned it is entirely something foreign to anything pertaining to agriculture, that to class us as agriculturists would not be within keeping of the industry at all, and we feel that to class us as agriculturists is entirely irrelevant, and we are opposing any marketing agreement which would place a limitation upon our product, as well as the opposition by a large number of gum producers which was brought out at a public hearing in Jacksonville, beginning November 20, 1933.

At that time the proposed marketing agreement by certain gum industries received a thorough airing with little, if any, real facts favoring an agreement brought out.

Opposition on the part of these producers was based on the belief from actual experience that any marketing agreement featuring control of the industry would fail, that its principles were basically unsound, unworkable and impractical of reasonably uniform and impartial enforcement. Over these protests a marketing agreement was set up by the government in February 1934, and was finally suspended by order of the Secretary of Agriculture because its control provisions were impossible to enforce.

THE results of this control program or marketing agreement are well known, for not only did the production increase instead of decrease, but the per unit prices decreased in like proportion until the license was suspended in August, 1935. Stocks also at ports and interior points consistently increased under this agreement. To further add to this unfavorable condition exports have shown a decided decrease in spite of general improved conditions here and abroad, and foreign production has been increased to a marked degree.

A disturbing factor against a stable market is seen in the large stocks held by the Commercial Credit Corporation on loans advanced to the gum producers, and the belief that such stocks as show deterioration will be placed on the market to prevent loss to the government. Disposition of these stocks is proving a real obstacle to an improved marketing condition.

This new agreement embodies all the provision of the old agreement regardless of past experience and with the added provision that the sulphate wood, steam solvent and destructive distilled turpentine producers should be classed as agriculturists on the same basis as the gum producers.

The fundamental principles of the agreement as regards our industry in relation to the gum industry are unsound and we believe unconstitutional. We do not believe that, as American citizens, our industry would submit to any set up appointed and controlled by the Secretary of Agriculture. Fostered by loans and subsidies it is bound to fail, not only in purpose, but in results.

The salvation of any industry is in its own efforts or initiatives backed up by intelligent application of sound business principles, not only enlarging the present markets but in the development of newer and larger uses for their basic products. It cannot be accomplished through government control and government subsidy. Merchandising practices must be radically changed if the gum people are to accomplish any great amount of results. When a product is bought and not sold, the outlets of the same can be limited to the demand created only to the properties of that particular product. We believe that a well managed and organized cooperative marketing association as suggested at the beginning of this whole matter could be of great help to the industry as a whole. We do not believe any good can come of a coercive governmental control agreement and its sanction here will eventually mean the ruin of the industry. Any organization or control committee must have the manipulative processes necessary for the completion of the particular job assigned to them. We do not believe that past experiences are sufficiently convincing to entrust the fate of any one industry in the hands of a small number of appointees. So much for the naval stores industry in general.

Speaking for the sulphate wood turpentine industry in particular we have failed to find a place in any marketing agreement which?

1. Would class us as agriculturists where conditions of manufacture and sales of our products are so foreign to gum production and sales that any connection between the two seems entirely irrelevant.

2. Would place limitations upon a product which is incidental to the manufacture of pulp and paper and being produced as a natural function in cooking sulphate pulp.

3. Would restrict in any amount this byproduct and mean its destruction, thereby involving an economic waste unjustified and unwarranted by the circumstances in the case.

4. Would prevent its production which is a valuable contribution to the conservation of our natural resources and which represents successful attempts to utilize a former mill and forest waste.

5. Would prevent the marketing of a naval stores product produced alone without the production of any competing products.

6. Would restrict the production according to seasonal yields measured by gum production. Production is neither seasoned nor cyclic and varies but little over the year. Due to pulp capacities limited by mutual agreement for the benefit of the paper industry and factors of production per digester unit and capacities of mills now, more than sufficient to meet the demands of trade, it is not possible under the circumstances to increase our production at will. This production represents a negligible percentage of the total and would not have any possible reflection upon the naval stores industry as a whole, one way or the other.

Finally we are convinced that we have no place in any marketing agreement and are unanimously opposed to this proposed agreement on the grounds that it is both unconstitutional and economically unsound. That in spite of needs for reform and intelligent promotion of the industry, this proposed marketing agreement does not offer any hope of accomplishment.

MR. MARSHALL: Mr. Tennent.

MR. TENNENT: Yes, sir.

MR. MARSHALL: You understand, do you not, that the present Act

deals with naval stores.

MR. TENNENT: Yes, sir.

MR. BARKALOW: Hence the question as to the agricultural nature is not raised now. Do you understand that?

MR. TENNENT: Only insofar as it would be a restricted control or in relation to the wood business.

MR. BARKALOW: You stated that you thought this plan was not sound economically. Have you any other plan to suggest which might be sound or can you suggest a change in this plan to make it sound and to make it fit your industry?

MR. TENNENT: Possibly some cooperative organization, but I am not familiar with that part of it. The only part I am familiar with is that we feel we ought to have unrestricted production, insofar as we have curtailed our production to come within the limits of supply and demand.

MR. BARKALOW: Would you be opposed to a plan which you would consider sound economically if that plan could be worked out to include your industry?

MR. TENNENT: Restricted production, yes, for us.

MR. BARKALOW: You would then favor it?

MR. TENNENT: Yes, because we have already curtailed our production.

MR. BARKALOW: Thank you.

(Witness excused.)

PRESIDING OFFICER GIFFORD: I have a telegram from Mr. W. E. Marchant which reads as follows:

"Unable return to meeting today. Did not have opportunity express myself yesterday. I oppose any marketing agreement or control board."

What I came down here to talk into the microphone for is that I

want everybody to hear what I am going to say now.

It has been indicated already that there will be briefs filed after the close of this hearing, and I want to explain that to you so that there will be no misunderstanding about it, how to prepare your briefs.

Briefs must be in four copies. They must be typed or printed. They must be each subscribed and sworn to either by the party making the brief or someone authorized to verify it on his beamlf or its behalf, as the case might be.

We desire that the briefs be typed or printed on letter-head size paper. This is not mandatory. It is merely a matter of convenience, so that our files may all be of uniform size. All of the government files are of that size, and it makes it a lot more easy to handle if the briefs are prepared on that size paper.

After the briefs are thus prepared you should mail them to the Hearing Clerk's office, Department of Agriculture, South Buildin, Washington, D.C.

The time in which you will have to prepare and file these briefs will be announced later. It will probably be ten days from the close of this hearing. Therefore we cannot at this time give you the exact date, but it will be given before we adjourn.

We prefer that when you bind the briefs, that you bind them from the side, from the lefthand side.

MR. WILLOUGHBY: Mr. Chairman.

PRESIDING OFFICER CLIFFORD: Just a minute. Have you been sworn?

MR. WILLOUGHBY: No, sir.

PRESIDING OFFICER CLIFFORD: Will you come forward and be sworn, please?

MR. WILLOUGHBY: Yes, sir.

TESTIMONY OF H. WILLOUGHBY,
GORDON, ALABAMA,
REPRESENTING H. WILLOUGHBY, SIDNEY
WILLOUGHBY AND SAM J. HALL.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the purpose of the record will you give the reporter your name, please.

MR. WILLOUGHBY: H. Willoughby.

PRESIDING OFFICER GIFFORD: And your residence?

MR. WILLOUGHBY: Gordon, Alabama.

PRESIDING OFFICER GIFFORD: And your representation?

MR. WILLOUGHBY: I am representing myself, Sidney Willoughby and Sam J. Hall.

PRESIDING OFFICER GIFFORD: Thank you. You may proceed.

MR. WILLOUGHBY: Mr. Chairman and gentlemen, I wish to say that I am opposed to this proposed marketing agreement or any marketing agreement that has the feature of the allotment system or a loan to the producer or processor, first, because the allotment system did not work in the agreement during the past year. It is unfair to the timber owner who works his own timber.

We are in that crowd. We own our own timber. We do not lease one stick of timber, and yet we have been cut down to where we could not work that timber.

During the depression years we cut production in 1931, 1932 and 1933. We felt that it was our duty to do that. We want to cooperate with the industry, but we would not want to pile up surplus stocks, and yet with the average over those years, it cut our average down, and we consider that unfair. to the timber owner. We do not feel there is any such thing as too large stocks on hand. The timber owner is not planning for that. I don't think there are any timber owners working their own

timber who have more than 10 to 15 crops at the outside. Most of them are just very small crops. The man who has hurt production is the large owner and large processor who leases timber in amounts of from 20 to 100 crops.

Insofar as the loan value which Dr. Gold and several other mentioned, in which the government is interested, yesterday, the government being interested to the extent of about six millions of dollars and piling up stocks, we do not see where the government is interested in handing out millions of dollars on the one hand and then squabbling over this six millions of dollars. If it is necessary to hold this until the market can absorb it. As I see it, as long as any loan value is given to the processor or producer stocks will continue to pile up, and we will never be satisfied with the price we get. Whatever the loan value is we will want more, and if the crop is to come down to 300,000 or 400,000 barrels we would expect a loan value, would expect the loan value to rise accordingly, and then the stocks would continue to pile up.

DR. GOLD: Mr. Willoughby.

MR. WILLOUGHBY: Yes, sir.

DR. GOLD: Do you know the relationship between the Commodity Credit loan and the marketing program?

MR. WILLOUGHBY: Not fully, but I do know that they set the loan at fifty dollars. They loan this to the producer for a period of ninety days, and I believe it could be extended for ninety more days or for any length of time that the Commodity Credit Corporation saw fit.

DR. GOLD: Are you acquainted with the fact that the Commodity Credit loan was contingent upon a marketing agreement for this industry?

MR. WILLOUGHBY: Yes.

DR. GOLD: That is all.

PRESIDING OFFICER GIFFORD: Thank you very much Mr. Willoughby.

(Witness excused.)

PRESIDING OFFICER GIFFORD: I have another telegram which reads as follows:

"It was impossible to stay through hearing being conducted by your committee which I attended yesterday. Advise am in favor marketing agreement whereby production gum turpentine and rosin also wood turpentine and rosin be government controlled."

This telegram is signed by the Youngstown Naval Stores Company, Incorporated, by C. B. Waller, President, Youngstown, Florida.

Is there anyone else who wishes to speak in opposition to the proposed marketing agreement?

MR. CASSELS: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Cassels

MR. CASSELS: I would like to say just a few words.

PRESIDING OFFICER GIFFORD: Mr. Cassels, you were sworn yesterday, were you not?

MR. CASSELS: Yes, sir, I was sworn yesterday.

PRESIDING OFFICER GIFFORD: I thought you were.

MR. CASSELS: I am willing to be sworn again.

PRESIDING OFFICER GIFFORD: That is all right.

FURTHER TESTIMONY OF A. GORDON CASSELS
SAVANNAH, GEORGIA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. CASSELS: My name is A. Gordon Cassels, Savannah, Georgia, a Georgia cracker.

PRESIDING OFFICER GIFFORD: You may proceed, Mr. Cassels.

MR. CASSELS: Mr. Chairman, gentlemen of the committee and fellow sufferers, I am speaking for my own concern, the Cassels Company, naval stores factors at Savannah, Georgia.

VOICES: Louder, louder please!

MR. CASSELS: I am speaking in the interest of Cassels Company, naval stores factors of Savannah, Georgia, and also as an individual operator.

I registered my opposition to the Control Committee for 1934 and I am still on the same side of the fence, Mr. Chairman.

The allotments were given out for 1934 sometime in February or March. My position at that time was that most of the operators had secured their timber for the operation of 1934, had hung their cups and were ready to commence operations. They had paid their money for these leases and they had to go through, and that accounts I think largely for the bootlegging of so much stuff during 1934. The operators felt, a good many of them, I would say thirty-three and one-third per cent, that they were justified in selling that stuff when they had already paid for their leases and hung their cups.

I desire to say, however, for my concern that we kept the agreement 100 per cent although it rendered a hardship on us in many cases. We gave the Control Committee and Mr. Spch 100 per cent cooperation, but a burnt child is afraid of the fire and we have been through it.

I am opposed to any marketing agreement because it kills the initiative in any man. In this free government of ours I consider it should be permitted to do as he pleases with what belongs to him. When you kill his initiative and limit his power, why, then you break his spirit.

I am opposed to it because it is not workable and I think we have demonstrated that fact.

I am not here to criticize the Control Committee in any way. They did their very best under the circumstances, I guess. They held a thankless job. However, I know that they have made no report to the producers

or to the agreement as to the funds that they now hold on hand. I don't know whether they are required to do that or not, or to whom they are to make that report, or who is to sit in judgment as to how that money that is in their hands is to be refunded. I imagine however, as this amount was contributed by the producers, that the money in the treasury belongs to them, unless they vote otherwise.

I am opposed to this agreement because of my sympathy for the small operator. I understand that the government is out to help the underdog, and to my personal knowledge I know that this agreement that we have been going through with has had a very disastrous effect. I know that there are a great many small operators who do not make 50 units a year, and he has a wife and in many cases seven and eight children to support, and when this allotment reduces his power to produce gum, why, then to a certain extent he has to face starvation for himself and the support of his family.

I think in this agreement and in the former agreement, the nine inch face was excellent, and I am inclined to think today if we have an agreement at all, that this agreement of nine inches, why, in the course of a few years the situation will be remedied. Therefore, I am opposed to making any agreement unless we were given -- unless we will give to the small operator their full quota and make no cut or any allowance to them. I mean by that any man that makes 50 units or less, do not interfere with him because it means life and death to him.

Speaking for my concern I desire to say that we lease no timber. We furnish no money, advance no money on leases unless the leases bear government specifications, nine inch for one cut and 14 inches for two. We do not care to advance money to have this timber cut so closely and on small trees, because as an operator myself I know that, to use the

expression "it will not pay off."

Then it is very injurious to the landowner. We have never been able so far to show him that it is because when the landowner is up against it and he wants money, why, he kills the goose that lays the golden egg and will lease his timber because he can get ready cash for it.

I may be standing alone, gentlemen, on this, but I do not want any government interfering with my business. I have been operating and in the factor business for 48 years. I have chipped and dipped. I started from the ground up, and if I cannot make my own business a success I am willing to sink or swim with it.

I am also opposed to government loans.

Now, that is a broad statement. Our company has only put in loans to the amount of 200 barrels of turpentine for 1934. We made no loans for rosin. Therefore we are not interested in all of this matter of heads and stevens.

We made no loans in 1935 for turpentine or rosin. We advised our customers against it. We believe the safest method is that when the stuff is produced, to sell it and get it in distribution. Therefore, I am opposed to heavy stocks being carried over as is owned at the present time by the government. These stocks would have been used if they had been sold at the market price, but now we are faced with a cloud over our industry, with 148,000 barrels of turpentine and 394,000 barrels of rosin that has got to be sold, and personally I am in favor of that stock being sold, now when we are coming on to three or four months of lean season, and I believe that stock can be sold and gotten out of the way between now and April 1st next and let us start with a clean sheet, and for gracious sake not accumulate anymore stocks. Gentlemen, it will not work. The law of supply and demand will regulate this condition, and if we get

rid of the stock, get it out of the way, why, then we won't have that to worry with.

As an operator of five places myself, I just mention that simply to let you know that I am speaking only from a factor's standpoint, the same thought would apply to me as an operator.

And in conclusion just permit me to say, to use the expression that I would rather be a free man and do as I please with what I have.

I thank you.

MR.BARKALOW: Mr. Cassels,

MR. CASSELS: Yes, sir.

MR. BARKALOW: Just a minute.

MR. CASSELS: All right.

MR. WARD: Mr. Cassels, I believe you in your discussion there mentioned an exemption for the small operator.

MR. CASSELS: Yes, sir.

MR. WARD: And I believe you mentioned 50 units.

MR. CASSELS: Yes, sir.

MR. WARD: That question has been discussed here before and I believe that it has been brought out that there is an exemption for the cotton farmer of three bales of cotton. Do you know approximately the falue of three bales of cotton?

MR. CASSELS: I happen to be a farmer also, Mr. Ward. I am operating at the present time seven farms. I did not want them but I have them all the same, and I cannot sell them, so I am compelled to operate them. I have good tenants of these farms and I advance while they make the stuff.

During the past year they gave us so many acres of cotton and so many acres of tobacco to be cultivated on these farms. Later on they

came out and said they had made a mistake, the county demonstrator said, we made a mistake in one case, you planted 11 acres of cotton. And in order to comply with the Bankhead law, you have got to plow up three of them, and we offer you a rental for those three acres that you plow up, so we accepted the proposition. We are getting a rental for three acres and we got an allotment for the eight acres.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: Yes, sir.

PRESIDING OFFICER GIFFORD: Before you proceed I think you are in error about there being an exemption of three bales of cotton. That is merely a proposal that Senator Harrison has proposed and is trying to get through.

MR. CARTER: Yes, sir, I am not speaking of that. This is a different matter.

MR. WARD: I had understood that there was an exemption.

MR. CARTER: These allotments were made on the number of acres that are planted and the country demonstrator, and committee, they met in conference to decide on the number that each place is to operate.

They also gave to the tenant so many pounds of lint cotton or so many pounds of tobacco which they are permitted to sell, but the point I want to make here is, that the government up to that gives the farmer a rental for what is displaced, and in the turpentine agreement you require the operator, the operator has got his lessee, and then if you curb him now and throw out some of them, you pay him nothing for them, although he paid his cash money for them.

MR. WARD: That is what I was trying to develop, the hardship that would be worked on the small operator as compared to the large operator, and your argument is essential.

MR. CASSELS: Yes, sir. Now, let me say here, Mr. Ward, that this agreement matters very little with a large operator who makes from 1,000 to 2,000 barrels of turpentine per year. He can very well afford to reduce 50 units without injury himself, but when you take a small man that has just got enough to make a living for himself and for his family and you cut him in half, why, he is on the point of starvation.

I have seen that, gentlemen, because I have been through the territory. I make it my business to go over my territory and I have seen them suffering.

DR. GOLD: Mr. Cassels.

MR. CASSELS: Yes, sir.

DR. GOLD: Do you believe that a large operator or any operator enters a program of that type if it means a loss to him?

MR. CASSELS: Dr. Gold, I have one large place, my own place, and I was permitted under that, I could under the 1934 hang more cups than I hung the year before on my allotment, because my allotment was taken on the past four years, and on that place we cut a great many cups and when we took the average, they gave me my average, I could cut more boxes than I really wanted to cut.

Now, why? Because I had enough units to take care of my orders and I would not care to plunge in too deep. I wanted to be very conservative, and that applies to me and to the other operators who have large places. It does not make so much difference, as I said, he can lose some of his boxes and will not suffer, and he profits if the market goes up a little bit.

DR. GOLD: Thank you.

MR. CASSELS: But when you take the small operator and we have lots of them through the territory, and the question has a reason here about

the gum seller coming to the processor and all of that, which is true. I have a great many customers who own no stills at all, but I advance them the money on the leases that they have on their timber, furnish the money to raise timber in order that they will not have to suffer.

I do not favor putting up a still or giving a still to any operator who cannot operate at least from four to five crops.

Now, I have got a man who owns his own timber and he comes down and says, "Mr. Daniels, I want to get a little money to buy some cups. I own my own timber. I will make that stuff and I will distill it with my neighbor who has a still," and I let him have the money.

Now he takes that stuff to the still and processes it and then he ships that rosin and turpentine to me. I handle it on the same commission basis and send him the money.

Now, I think it is unjust to penalize a small man like that. He hasn't got the money. He cannot get the money from his factor unless he can put up a still or put up proper security, and yet he owns his own timber.

We have a great many operators, Mr. Chairman, who are dependent upon the operation of their own timber to finance their farm. As you know, the turpentine business is about the only business that they can get cash money from every month in the year.

Here is a farmer who says, I had a lease on a crop of boxes, a four year lease. That lease has expired. I am renting a big farm, and I need some money to finance that farm and I want to see if you will lend me the money, let me have the money and I will work that crop of boxes myself and I will get that money during June, July, August and September and October and that money will help me finance my crop.

MR. BARKALOW: Mr. Cassels.

MR. CASSELS: Yes, sir.

MR. BARKALOW: You are testifying, I assume, in both the capacity of a factor and of a producer?

MR. CASSELS: Yes, sir.

MR. BARKALOW: You said the producer had been financially affected in a bad way, adversely. Sometime he did not have enough food for his family of seven or eight?

MR. CASSELS: Yes, sir.

MR. BARKALOW: Has the factor been affected in the same way by that program?

MR. CASSELS: The factor is affected, yes, sir. If he advances more money than he feels that producer can come through with he is affected, but in many --

MR. BARKALOW: In your experience --

MR. CASSELS: -- in many cases the factor is the real producer. He has his money out in this man's hands, but he is the real producer, and he has got to see to it that he does not advance more money than he thinks that customer of his can return. If he does, why then, he is the sufferer.

MR. BARKALOW: In your experience last year as a factor did you lose money under the program, or did you make money?

MR. CASSELS: I did not lose any money, no, sir. I did not lose any money except in some cases where I had a party voluntarily come to me and say, "I owe you some money. You have been very gracious and very good, but I cannot pay you. I want to turn over to you everything you hold in your security deed if you will give me a receipt in full", and in this case I realized I could not get anything except what I had, and I decided as a practical operator myself that I would rather take over that business

and operate it myself, although the security mortgage on the present market was not worth what the party owed me, but I am in hopes I will retrieve that loss.

MR. BARKALOW: Does that account for your dual capacity in the business, that you found it necessary to take over an operator in that way?

MR. CASSELS: No, sir, I have been operating for forty-eight years. As a boy I used to live in a county in Georgia and I used to chip and dip and I was fascinated with the naval stores business, I liked it, and I just drifted into the factor business.

MR. BARKALOW: Thank you.

(Witness excused.)

PRESIDING OFFICER GIFFORD: At this time we will have a five minute intermission.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: The papers referred to by Mr. George T. Rives in his testimony are ordered received and sent to the Hearing Clerk at Washington, to be kept as a part of the files in this case.

(The documents referred to were forwarded to the office of the Hearing Clerk, 4725 South Building, Washington, D. C., to become part of the files in this case.)

PRESIDING OFFICER GIFFORD: Inasmuch as we have had a long discussion for and against the control program, we feel in the interest of time, that we have had a fair cross section of what the people in the industry think.

MR. BARKALOW: I think you had better stand in front of the mike, Mr. Chairman, so that they can hear you in the back of the room.

PRESIDING OFFICER GIFFORD: Very well.

As I said, we have taken considerable time and developed a very complete record as to those in support of the control program and those in opposition to it, and we feel that we have a very fair cross section, and that the record is very complete in the general matters and for that reason I believe we should now proceed and take up the specific proposed agreement and the specific proposed order.

Of course, you gentlemen understand that under the regulations the evidence upon the provisions of the proposed marketing agreement which are the same as in the proposed order, that we accept the evidence on one as applying to the other. Of course there are some slight minor differences, but in general the principles in the order and the principles in the agreement as proposed are identical, and for that reason we accept the testimony on one as applying to the similar provisions in the other.

I state that, gentlemen, so that you may understand it and feel that you do not have to repeat your testimony again when it comes to the consideration of the order.

You will notice in the pamphlet you have which contain copies of these instruments, I think that it is on page 22 where the order begins, or it may be 24, but it is almost in that particular part.

MR. BARKALOW: Page 22.

PRESIDING OFFICER GIFFORD: Page 22, yes, and I am making this statement now so you will fairly understand when you are discussing the provisions in the marketing agreement if you are also discussing them in the proposed order.

Before starting that discussion, however, I think Dr. Gold has a

few questions that he desires to develop before we proceed with the taking of evidence on the proposed marketing agreement and proposed order.

MR. THEUS: Mr. Chairman, may I just make a short statement in the record, if you please?

PRESIDING OFFICER GIFFORD: You have not been sworn, Mr. Theus?

MR. THEUS: No, sir.

TESTIMONY OF CHARLES T. THEUS
General Manager
FARIE NAVAL STORES COMPANY, INC.
Savannah, Georgia.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: State your name, please.

MR. THEUS: Charles T. Theus, general manager Farie Naval Stores Company, Inc., Savannah, Georgia.

I have a little statement I want to make and ask that it be put in the record. That is that in Savannah on October 29, a meeting of the distributors was held to discuss this proposed marketing agreement and at this meeting all dealers and all distributors were present and the sentiment of that meeting was violently opposed to any form of agreement.

I have taken the liberty of feeling out the Jacksonville distributors and I have not found one dealer in Jacksonville who was in favor of the agreement.

I just ask that that be put into the record, please.

DR. GOLD: Mr. Theus, do I understand that you are speaking officially for the dealers in naval stores?

MR. THEUS: Only in Savannah.

DR. GOLD: Only in Savannah?

MR. THEUS: Yes, sir. In savannah the meeting was held and any

distributor attending the meeting was given authority to speak for all.

DR. GOLD: Mr. Chairman, there is a general matter on which I think we are all very anxious of securing information, and which I believe is relevant to the industry regardless of the consideration of a marketing agreement, although it is very significant, of course, for the purposes of consideration of a marketing agreement.

I should like to secure evidence on the estimated production of naval stores in 1936. I have been given a representative list of persons who could speak in terms of the entire industry on that problem. I do not feel that it is a complete list, however. Some of the people have already volunteered or have been forewarned of the fact they are going to be asked this question and I am going to read off the names I have here so that they will have information that they are about to give their evidence on this subject. Some have already spoken on it, and particularly Mr. Millard Reese has already given an opinion on this problem.

Some of the others I have on the list are Mr. H. M. Wilson, Mr. Brogden, Mr. O. T. McIntosh, Mr. H. L. Kayton, Mr. S. C. Nash, Mr. H. Weibert, Mr. H. E. Wickersham, Mr. L. M. Autrey, Mr. Speh, Mr. Spitz, Mr. Nixon, Mr. McCormick, and that completes the list I have in my hand.

Now as I said before, I do not believe this is an exclusive list of people who can talk on this problem, but I am going to ask these people to come up and discuss this subject:

What is in their judgment -- their best judgment, the probable production in 1936, in the absence of any type of marketing agreement.

I am going to ask Mr. H. M. Wilson to speak on the subject first.

PRESIDING OFFICER GIFFORD: Mr. Wilson, you have not been sworn?

MR. WILSON: No, sir.

TESTIMONY OF H. M. WILSON
Jacksonville, Fla.

(The witness was duly sworn by the Presiding Officer.)

MR. WILSON: My name is H. M. Wilson, Jacksonville, Florida.

I cannot speak on a question of that kind because there is nothing to say except hazard a guess. However, I want to say that my guess has been gathered by some little thought and investigation, and that is all it can possibly be.

Without being critical, Mr. President, I am afraid the matter of swearing a man here in the usual form of a law court has deterred a good many from speaking, because in that manner they feel they can only say what they know, and as a matter of fact the most we can say is what we think.

I believe that with the best efforts that will be put forth in the absence of an agreement by the factors and the processors themselves, that for 1936 of gum turpentine and rosin will approximate 550,000 units. Is that all you want, Mr. Gold?

DR. GOLD: Yes, sir, thank you.

PRESIDING OFFICER GIFFORD: Thank you, Mr. Wilson.

DR. GOLD: Mr. Brogden.

TESTIMONY OF A. L. BROGDEN

(The witness was duly sworn by the Presiding Officer.)

MR. BROGDEN: My name is A. L. Brogden.

As Mr. Wilson stated, what I am about to say will be a guess. I would guess a little stronger than Mr. Wilson did as to the probable crop in 1936, in the absence of any control.

I think it would run pretty nearly 600,000 units, just judging from the way the operators apparently are picking up leases on timber and preparing their crops for 1936.

DR. GOLD: When you speak, Mr. Brogden, you are speaking of gum producers?

MR. BROGDEN: I am speaking of gum producers only. I do not know anything about the wood production.

DR. GOLD: Thank you very much.

(Witness excused.)

DR. GOLD: Mr. McIntosh.

FURTHER TESTIMONY OF O. T. MC INTOSH
SOUTHERN STATES NAVAL STORES COMPANY
Savannah, Georgia.

(The witness was previously duly sworn by the Presiding Officer.)

MR. MC INTOSH: What was the question you asked?

DR. GOLD: The probable production in 1936 in the absence of any type of marketing agreement?

MR. MC INTOSH: When I heard the proposed question, and that I was going to be queried as to my views, I tried to put down a few figures very rapidly.

I am going to adopt one of those theories which I questioned some time ago in some remarks I made.

I am going to assume -- I might say in stating this it may bring some reactions who will follow me. I am assuming that the crop of 1935 will be approximately 500,000 units. Ordinarily timber is worked for four or five years. To be on the conservative side I am estimating that all the timber in operation is worked an average of six years, which would mean that one sixth of the total went out each year.

Therefore, if the crop were 500,000 barrels, and one sixth of the boxes in operation went out because they had become too old and worn out to be worked profitably, that would roughly make your indicat-

ed crop for 1936 about 418, 000 barrels if no new timber was put in operation.

Assuming an average production on virgin timber of 45 units per crop all over the belt, it would take approximately 1,800 crops of timber to be put in operation to maintain the production on this year's basis.

My guess or opinion would be that not over 2,500 crops of virgin wood would be put in, and if 2,500 were put in, it would be about 650 crops more than enough to maintain this year's scale of operation, and again figuring on a production of 45 barrels for the average crop, we would have about a 29,000 barrel increase in the 1936 crop.

The suggestion that we might have a 600,000 barrel crop it seems to me to be an impossibility, because to put the production up to that figure would require another 1,600 crops approximately, which would mean that there would have to be 4,100 crops at an average production of 45 barrels to the crop to bring your production up to 600,000 barrels, and I do not believe that there are either the timber or the timber resources or the financial resources available to put in such an amount of timber into operation.

DR. GOLD: One question. You mentioned that the 1935 production was approximately 500,000 units in the gum industry. Was that production influenced in any way by climatolgical factors?

MR. MC INTOSH: I would say that this year's crop has been affected to date about 17 per cent by abnormal weather conditions. On the other hand, we rarely have a year when we have perfect producing weather throughout the season, and we may well have conditions next year that will prevent a maximum production as we rarely ever have a full season

of good weather all the way through.

DR. GOLD: Have you compared the September and October receipts at the principal ports with receipts of the previous years?

MR. MC INTOSH: I have done so, and while I have not the figures available, judging by the falling off of September with last year for the month's receipts, and using the percentage of the total crop which normally come to port as the basis for figuring the whole, I arrived at the approximately 7 per cent falling off.

I do not know whether my figures are accurate or not, and I have not checked them very carefully, and it, of course, can only be an opinion.

DR. GOLD: Thank you very much.

(Witness excused.)

DR. GOLD: I do not know whether Mr. Langdale is here or not.

(No response.)

DR. GOLD: Mr. H. L. Kayton.

PRESIDING OFFICER GIFFORD: Be sworn, please, Mr. Kayton.

TESTIMONY OF H. L. KAYTON
President, CARSON NAVAL STORES
Savannah, Georgia.

(The witness was duly sworn by the Presiding Officer.)

MR. KAYTON: My name is H. L. Kayton, president of the Carson Naval Stores Company, Savannah, Georgia.

Mr. Chairman, I do not know of anyone who has made an accurate forecast of the next crop of naval stores. There have been some occasional good guesses, but weather conditions, labor conditions, and so many factors influence the size of the crop that it is hard to forecast it twelve months ahead.

Undoubtedly we are going to have a better demand for labor in

the south during the coming twelve months than we have had this year. The canalproject in Florida, the Public Works projects, the other government projects are going to absorb some of the free labor. Now, niggers do not work turpentine if they can get other jobs. You cannot make turpentine without available labor. You can make a million crop of cups but it takes the niggers to produce the turpentine.

For that reason I think we have got to consider the labor conditions in forecasting the 1936 crop.

If left to the producers we would make 600,000 casks, as Mr. Brogden suggests. Producers will always produce just as much stuff as they can. There seems to be a certain kind of glory in producing big productions. From what I can see the producers will put out just as much timber as the factors will advance them money for. The factors can control the output to some extent, not entirely, but they can control probably to a large extent the production.

I believe that the factors, if they could get together without any government control, but on an around the table basis, could come to some understanding and could control the crop to a larger extent than any other means which could be adopted.

I am assured by one or more of the wood industry that they would be willing to sit in with us and control their crop along with the gum crop. We are all bound up together. We produce practically the same commodity, to be used for the same purposes, and we are one family now and should not be separated.

From what I can see, and as you want some figures, I think the next crop would be somewhere around 525,000 to 530,000 casks. I do not believe we can produce more than that unless we have a greater amount of labor than I now think will be available.

DR. GOLD: Thank you.

(Witness excused.)

DR. GOLD: Mr. J. C. Nash.

PRESIDING OFFICER GIFFORD: You have not been sworn before, Mr. Nash?

MR. NASH: No, sir.

TESTIMONY OF J. C. NASH
Columbia Naval Stores Company
SAVANNAH, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

MR. NASH: What was the question?

DR. GOLD: I wanted you to give your opinion of the probable production in 1936 in the absence of any type of marketing agreement or control.

MR. NASH: Mr. Chairman and gentlemen; as these gentlemen preceding me have said, anything of that kind is a guess. I think it is almost a wild guess. We have got labor conditions, we have got weather conditions, we have got all those things which make it a probably unknown quantity.

It is my experience, however, that estimates are usually a little under rather than a little over what is expected, and taking that into consideration, I would make a guess of 560,000 barrels.

I must once more stress what a complete guess that is.

DR. GOLD: And you are speaking of gum production only, Mr. Nash?

MR. NASH: Gum production only.

May it be understood also that we have information so far as the September receipts are concerned, which of course has some weight on the present crop and serves as a basis of estimate for the coming crop, and as near as we can figure the September receipts are about 29 per cent

short. October is improving now but is about 15 per cent short today.

DR. GOLD: Thank you.

(Witness excused.)

DR. GOLD: Mr. H. Weibert.

MR. WEIBERT: Yes, sir.

PRESIDING OFFICER GIFFORD: Have you been sworn, Mr. Weibert?

MR. WEIBERT: Yes, sir.

FURTHER TESTIMONY OF H. WEIBERT
PENINSULAR NAVAL STORES COMPANY
JACKSONVILLE, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. WEIBERT: Mr. Chairman, it is rather early to make a fairly accurate estimate for the reason that we do not know yet how many blocks of new crops will be sold and how many are now to be put into new timber. So therefore any estimate is very very vague.

If we say that this year's crop will end at the same figure as last, I really do not see any reason to estimate the coming crop to be any larger than this crop.

There is a scarcity of good timber which is demonstrated by the high prices that the people pay, and as Mr. Gayton says it all depends on the factor; if he is willing to give the producer any amount of money, they can make a little more.

But, I should say this coming year's crop can be estimated at about the same as this year's crop.

Of course, you must always consider 5 or 10 per cent difference up or down on account of labor and weather conditions.

DR. GOLD: I have oneother question, Mr. Weibert. I believe you are a factor, are you not?

MR. WEIBERT: A factor, yes.

DR. GOLD: When factors make advances on a crop do they have to take into consideration the probability as to the amount that is going to be produced in that year?

MR. WEIBERT: Oh, yes, we of course, figure if the amount is very large, that the prices may go down, and that, of course, affects the advances which we make.

DR. GOLD: In other words, you think it is reasonable to try to get at this problem of production in any one year?

MR. WEIBERT: Yes, one way or the other. But of course, later on you can be fairly accurate, after you know the number of crops that will be sold.

DR. GOLD: Can you tell me as a factor whether a discussion of marketing agreements such as has taken place here affects the factors' operations for the coming year?

MR. WEIBERT: Do you mean this discussion?

DR. GOLD: This hearing, this public hearing?

MR. WEIBERT: No, I do not believe so, because if the idea prevails of having no marketing agreement, we feel everybody will take advantage, and then we do not make so much money.

DR. GOLD: Thank you very much.

(Witness excused.)

DR. GOLD: Mr. L. M. Autrey.

(No response.)

DR. GOLD: Mr. H. L. Wickersham.

(No response.)

PRESIDING OFFICER CLIFFORD: Is Mr. Wickersham present?

(No response.)

DR. GOLD: Mr. Carl Speh.

TESTIMONY OF CARL F. SPEH
JACKSONVILLE, FLORIDA
SECRETARY OF THE CONTROL COMMITTEE
OF THE MARKETING AGREEMENT
FOR GUM TURPENTINE AND GUM ROSIN
PRODUCERS.

(The witness was duly sworn by the Presiding Officer.)

MR. SPEH: My name is Carl F. Speh, Jacksonville, Florida. I can only express an opinion as based upon what might be considered a summary of the information filtering into the office. Our contacts with the factors or with the various producers from time to time --

DR. GOLD: For the benefit of the record will you tell us what office you are speaking of?

MR. SPEH: I am secretary of the Control Committee of the Marketing Agreement for gum turpentine and gum rosin producers.

DR. GOLD: Thank you.

MR. SPEH: I do not recall any operator to whom I have spoken recently that did not plan or tell us so, that he could arrange for an increase in his production. The general feeling seems to be that he has been restrained. The restraint is now removed and he wants to expand.

The first statement different from that is what I just heard, and I have not met the gentleman who says he does not plan to expand because he cannot locate the timber.

Talking with the factors I have gathered a very decided opinion of expansion because of the pressure being put to bear on them by their various customers. So taking everything into consideration as far as the threatened effort is concerned, I would assume that the coming crop would be at least 600,000 barrels of gum turpentine for the calendar year 1936.

MR. GOLD: Thank you.

(Witness excused.)

MR. GOLD: Mr. Nixon.

TESTIMONY OF A. P. NIXON
GENERAL MANAGER, HERCULES POWDER CO.
NAVAL STORES DEPARTMENT
WILMINGTON, DELAWARE.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GILPATRIC: State your name please.

MR. NIXON: A. P. Nixon, general manager, Hercules Powder Company, Naval Stores Department.

MR. GOLD: Mr. Nixon, you are general manager of the Hercules Powder Company, naval stores department?

MR. NIXON: I am.

MR. GOLD: Can you give us some impression of the probable production of wood naval stores in the calendar year 1936?

MR. NIXON: I can only give you a guess because as far as I know our own plans, while they are definitely made, nevertheless, those plans change as conditions change. I would judge however, that our production would be between 75,000 and 80,000 barrels in 1936.

MR. GOLD: That is wood naval stores?

MR. NIXON: No, steam distilled.

MR. GOLD: Is that production smaller than last year?

MR. NIXON: No, I think it is a little larger.

I haven't any idea how much the paper or pulp people are going to take or the other people, which will determine the amount of turpentine we make.

MR. GOLD: How does that 75,000 for steam distilled compare with last year?

MR. NIXON: I haven't any idea.

DR. GOLD: In other words, you do not contemplate any extension in steam distilled production in 1936?

MR. NIXON: Well, I would say, of course, you know we are working under capacity and if the marketing conditions are such as afford outlets, we will make it.

DR. GOLD: Can you give us some notion of what you think the market capacity for wood spirits is today?

MR. NIXON: My guess would be 100,000 barrels.

DR. GOLD: And your estimate as of today is that the operations are about what per cent of capacity?

MR. NIXON: About 75 per cent.

DR. GOLD: And you do not contemplate any increase in the production in 1936?

MR. NIXON: Do you mean expansion of capacity or of operation?

DR. GOLD: No, of operation.

MR. NIXON: It depends. If conditions are good operation will be expanded. We are a way undersold, and if that condition prevails, production will be increased, and we anticipate that that condition will prevail for the first part of next year and maybe the second part. If it does, probably we will increase production. If it does not prevail we will not. We are not going to produce it just to have it.

DR. GOLD: You have spoken for about 75 per cent of the wood crop, because I believe the total production you said of the wood crop is about 100,000 barrels in last year's season. Now would you care to make any general statement about the probable production of wood turpentine in 1936?

MR. NIXON: I do not think I can. The representatives of the other crops spoke this morning and told you how their production depended entirely on the production of their native commodity. I have no idea how much

wood pulp or charcoal they are going to make.

DR. GOLD: Thank you. Mr. Spitz.

MR. SPITZ: Yes.

DR. GOLD: Will you give us your opinion of the probable production without any type of control in the wood industry for 1936?

MR. SPITZ: I have just gone over these figures with Mr. Nixon and I agree that it would be somewhere between 75,000 and 80,000 barrels, dependent on general market conditions.

DR. GOLD: You are speaking only of the steam distilled?

MR. SPITZ: Only of the steam distilled.

DR. GOLD: Does that represent an increase over present operations?

MR. SPITZ: I would say it is approximately the same as the present operations.

DR. GOLD: You do not contemplate any expansion?

MR. SPITZ: Expansion of capacity do you mean, or expansion of production?

DR. GOLD: No, any expansion of production.

MR. SPITZ: If it is warranted, I believe, speaking for the whole industry there would be a price increase.

DR. GOLD: To your knowledge, is there any probable increase in production due to newly established plants in the wood industry for 1936?

MR. SPITZ: I have heard of one or two new plants being erected, but I do not place much faith in what their production will be in 1936.

DR. GOLD: With regard to recent production in the wood industry, have you any comment to make on the probable production of rosin?

MR. SPITZ: Rosin production is dependent on turpentine production and probably would go right along on the same basis as turpentine

leaving the common multiple or multiplying factor which probably is somewhere between five and a half and six.

DR. GOLD: That is comparatively three and a third to one?

MR. SPITZ: Yes, sir.

DR. GOLD: Thank you very much. Mr. McCormack.

FURTHER TESTIMONY OF J. H. MC CORMACK
PENSACOLA, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. MC CORMACK: Will you repeat your question, please.

DR. GOLD: First I would like to ask you to state your official position?

MR. MC CORMACK: Vice president of Newport Industries, Incorporated.

DR. GOLD: That is a wood plant?

MR. MC CORMACK: Steam distilled wood turpentine and wood naval stores producers.

DR. GOLD: Could you give us, Mr. McCormack, your opinion of the probable production of wood naval stores in 1936, in the absence of any marketing agreement or any other type of control?

MR. MC CORMACK: I would agree with Mr. Spitz and Mr. Nixon that it will probably be somewhere between 75,000 and 80,000 barrels of turpentine.

DR. GOLD: That is steam distilled?

MR. MC CORMACK: That is steam distilled.

DR. GOLD: Assuming the production of naval stores, wood naval stores, to be 100,000 barrels of turpentine, would you care to make any estimate as to what your percentage of steam distilled production would be?

MR. MC CORMACK: No, I could not make any estimate of the production of steam distilled products or still production. I might add that one of the distilling plants was recently destroyed by fire and is now out of production. I don't know what the plans of that manufacturer are, but I doubt very much whether he will get into production before 1936. I don't know what his plans are as I say, but at the present time his plant is destroyed.

DR. GOLD: Was he a large operator?

MR. MC CORMACK: No, a very small operator.

DR. GOLD: Are you aware of the general rumors that a number of new wood plants are to be installed?

MR. MC CORMACK: I have heard the rumors that there are a number of new wood plants to be installed, and from that information I have been able to get regarding the one which is already starting production, the information I get is such that I believe it will have practically no effect on the production in 1936.

DR. GOLD: Thank you.

(Witness excused.)

FURTHER TESTIMONY OF G. B. TENNENT,
HOPEWELL, VIRGINIA.

(The witness was previously duly sworn by the Presiding Officer.)

DR. GOLD: Mr. Tennent, you are a producer of sulphate process rosin?

MR. TENNENT: No, sulphate wood turpentine.

DR. GOLD: You have heard the previous questions that have been asked?

MR. TENNENT: Yes.

DR. GOLD: Would you care to give your opinion in regard to the

branch of the industry with which you are connected?

MR. TENNENT: I believe there will be a measurable increase in production due to other mills going into circulation. The only one I know if is the one planning a mill at Savannah which will add probably 16 per cent to the 1934 production of 36,000 barrels.

DR. GOLD: In other words from that one firm you would expect a 16 per cent increase?

MR. TENNENT: Yes.

DR. GOLD: And do you expect any increase from other firms?

MR. TENNENT: Only from the rumors I hear.

DR. GOLD: Do you expect to make any increase in your output?

MR. TENNENT: As far as I know, around 3,000 barrels.

DR. GOLD: That is approximately —

MR. TENNENT: Two-twelfths.

DR. GOLD: 16 per cent. You have mentioned one new mill alone that will produce 16 per cent?

MR. TENNENT: Yes, with the possibility of others which I know nothing about.

DR. GOLD: But speaking for yourself now.

MR. TENNENT: We do not contemplate any increase in our production, that is in the mill I am employed by except that we could get out and buy the crude and refine it or process it.

DR. GOLD: Do you expect some increase in the production of crude and refined or processed?

MR. TENNENT: Yes.

DR. GOLD: Dr. Kressman.

TESTIMONY OF S. W. KRESSMAN,
CONTINENTAL TURPENTINE & ROSIN CORP.,
LAUREL, MISSISSIPPI.

(The witness was duly sworn by the Presiding Officer.)

DR. GOLD: Dr. Kressman, you have heard the questions that have been asked here?

PRESIDING OFFICER GIFFORD: Just a moment. This is a new witness. Let us get his name and address.

DR. KRESSMAN: S. W. Kressman, Continental Turpentine & Rosin Corporation, Laurel, Mississippi.

PRESIDING OFFICER GIFFORD: All right, proceed, Dr. Gold.

DR. GOLD: You have heard the questions that have been asked in regard to the probable production of wood naval stores in 1936?

DR. KRESSMAN: Yes, sir.

DR. GOLD: Would you care to give us your opinion on that subject?

DR. KRESSMAN: I believe the answers given have covered the matter fully. I think the production for the coming year will be about what it has been. The loss of the one plant will possibly be taken up by the others, but I should not say that there will be over 10 per cent difference if there is that much.

DR. GOLD: You have heard the evidence given by various gum factors and dealers in regard to probable production in 1936?

DR. KRESSMAN: Yes, I have.

DR. GOLD: Do you believe that those in each case indicated an increase running from 25,000 barrels of turpentine to as much as 75,000 barrels of turpentine?

DR. KRESSMAN: I don't know.

DR. GOLD: In other words, from 525,000 barrels -- I believe that was the lowest estimate -- to 600,000 barrels of turpentine.

DR. KRESSMAN: I have no direct contact with the gum industry, and could not say.

DR. GOLD: In view of the expression of opinion that there is a likelihood of a probable increase, how would you explain the position of the wood industry in not increasing its production.

DR. KRESSMAN: The wood industry in the past has practically always controlled its production according to the demand, in view of the fact that it has no timber and no leases so that it does not have to operate, but can follow the law of supply and demand much easier probably, than the gum industry.

DR. GOLD: In other words, do you feel the fact there is going to be an unusual increase in the demand of gum naval stores means that it will be your policy to maintain or restrict your production?

DR. KRESSMAN: I think our policy will be determined entirely by different conditions.

DR. GOLD: Thank you.

(Witness excused.)

DR. GOLD: Mr. C. A. Tompkins.

TESTIMONY OF C. A. TOMPKINS
HILLYARD, FLORIDA.
TURPENTINE AND ROSIN PRODUCER
and
NAVAL STORES PRODUCER.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you state your name, your address and your representation?

MR. TOMPKINS: My name is C. A. Tompkins, turpentine and rosin producer and naval stores producer, Hillyard, Florida.

DR. GOLD: Are you also a dealer in cups and other supplies?

MR. TOMPKINS: Yes, I sell some of those things on a commission basis.

DR. GOLD: Would you care to give for the record your estimate

of the probable production of gum turpentine and rosin through your various existing industries?

MR. TURPIN: As the other gentlemen have said, I can only make a guess and I do not believe enought timber to make a serious over-production.

The control, I think, is primarily in the hands of the factors, and as Mr. Dayton has suggested, if the factors can possibly get together with some kind of a control agreement, I believe that the crop next year can be kept down to about the same as this year, about maybe 500,000 or 520,000 or 525,000 units.

DR. GILL: You say you are a commission agent for cups and other supplies?

MR. TURPIN: I am interested in one or two articles that I market that I have patents on. The nail and the gutter, wood gutter which I am now producing, and I have sold cups on a commission basis.

DR. GILL: Can you tell us something about your sales this year as compared with other years?

MR. TURPIN: My sales have not suffered to amount to anything yet. I have sold a few of the gutter nails and I have sold some of the new gutters, but I have not sold enought to make any reasonable estimate as to the production this year.

DR. GILL: Thank you very much.

(Witness excused.)

DR. GILL: Mr. [illegible].

[illegible]: You have not been sworn?

MR. [illegible]: No, sir.

[illegible] OF A. H. [illegible]
[illegible], GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

DR. GOLD: State your name, please.

MR. CROOM: A. H. Croom.

DR. GOLD: Mr. Croom, you have heard the questions I have asked?

MR. CROOM. Yes.

DR. GOLD: Would you care to give your opinion on that subject? First, will you tell us what your interest is in the industry?

MR. CROOM: I am an operator, operating this year 134 crops, and from the evidence I can see of the activity of the operators in that work, the only thing that keeps them from making a larger production will be that the timber will go out. They are really going after it and paying large prices, and probably the large prices will keep some people from getting it.

DR. GOLD: Have you in mind any figures for the total gum production in 1936?

MR. CROOM: No, sir, I have not.

DR. GOLD: You only feel it will be large?

MR.CROOM: Yes, sir, if they keep up their activities, it will.

DR. GOLD: For the purpose of the record, where is your residence?

MR. CROOM: My office is in Savannah, Georgia and my operations are in southern Georgia, southeast Georgia and South Carolina.

DR. GOLD: And your remarks are based on your operations throughout that territory?

MR. CROOM: Yes, sir.

DR. GOLD: Thank you very much.

(Witness excused.)

DR. GOLD: I would like to call Mr. H. M. Wilson again if I may.

FURTHER TESTIMONY OF H. M. WILSON

(The witness was previously duly sworn by the Presiding Officer.)

DR. GOLD: Mr. Wilson, you are a factor?

MR. WILSON: Yes, sir.

DR. GOLD: Will you tell me what in your opinion, has been the effect of the last two years' operation inregard to the indebtedness of processors to factors?

MR. WILSON: I would say that the great majority of the processors who have done business with my concern, that their accounts have materially improved.

DR. GOLD: In other words, you mean the indebtedness is not as great as it was?

MR. WILSON: Yes, sir, that is what I mean.

DR. GOLD: Does that mean anything in regard to their ability to obtain increased financing in 1936?

MR. WILSON: Surely it does.

DR. GOLD: Would you mind explaining that?

MR. WILSON: The factors control you hear so much about is based entirely upon the state of servitude of each individual producer. If he puts out a large amount of money in proportion to his place, why we can refuse to let him have more. If he holds a very small amount he can probably finance somewhere else to do what he wants to do, and we have found that the factors control, when it is carried out through a series of years leaves us the accounts which we call the poor accounts, and a smaller amount of timber to work.

DR. GOLD: You represent a large factor?

MR. WILSON: I think so, yes, sir.

DR. GOLD: What I am trying to ask is whether you feel you are

speaking as representative of all the factors interested in this question?

MR. WILSON: I feel so. I think that the other factors are all on the same basis; we all do business in the same way. My experience in it has been about sixteen -- about twenty years and, of course, we all know each other and I think we are all doing business along the same general lines.

MR. [illegible]: Thank you very much.

(Witness excused.)

DR. [illegible]: Now, I have no other names on my list but that does not mean that others should not testify on this subject. If there are any others who would care to do so, I will surely appreciate hearing from them.

MR. MC INTOSH: I would like to make a sort of statement, just a short statement, if I may.

PRESIDING OFFICER: You may proceed.

FURTHER STATEMENT OF O. I. MC INTOSH.

(The witness was previously duly sworn by the Presiding Officer.)

MR. MC INTOSH: I want to speak on this subject which has been injected by Mr. Wilson, and that is factorage control. The idea has grown up in the factors trade among a great number of producers and others that factors fail to do their part in these movements for crop control and limitations. I cannot quote exact percentages, but according to my best knowledge, about 20 per cent or between 20 and 25 per cent of the total volume of gum turpentine and gum rosin, the factor has no contact with at all. It is produced and sold direct by the producer.

Of the 75 to 80 per cent of the crop that moves through factorage hands, I would estimate that some 15 to 20 per cent is marketed through

factors by producers who are in no way dependent upon factors for financing. Who finance themselves absolutely.

There is another group who will probably comprise one third of the remainder of the factors' patrons, who may borrow money from the factor but whose financial standing is such that the factor has not the remotest control over their operations. His condition is such that he can do business with any factor he pleases or not, if he pleases.

That leaves a comparatively small group to whom the factor might dictate, because he has too much money loaned him.

Therefore in effect for all practical purposes, the factor does not control the situation and could not affect the production so as to have a material effect.

DR. GOLD: Thank you very much.

(Witness excused.)

DR. GOLD: Mr. George T. Rives.

PRESIDING OFFICER GIFFORD: You have been previously sworn, have you, Mr. Rives?

MR. RIVES: Yes, sir.

FURTHER TESTIMONY OF GEORGE T. RIVES.

(The witness was previously duly sworn by the Presiding Officer.)

DR. GOLD: You have heard the questions that have been asked?

MR. RIVES: Yes, sir.

DR. GOLD: Would you give us the benefit of your ideas on that subject?

MR. RIVES: I am glad to.

My own idea is that the crop will probably be around 525,000 units. I have not found among my customers any greater desire to expand

than is usually the case in the early part of the season.

DR. GOLD: You recall Mr. Reese's testimony?

MR. RIVES: In what connection?

DR. GOLD: As to the total production in 1936?

MR. RIVES: Yes.

DR. GOLD: It does not quite agree with yours.

MR. RIVES: I am sorry it came up, but I really have to tell the truth, and I do not believe it will be over 525,000 units.

DR. GOLD: I do not believe we have heard from a number of the people in the western area. Thank you very much, Mr. Rives.

(Witness excused.)

DR. GOLD: I should like to call on Mr. E. C. Hughes for his opinion on the subject.

PRESIDING OFFICER GIFFORD: Have you been sworn, Mr. Hughes?

MR. HUGHES: No, I have not.

TESTIMONY OF E. C. HUGHES
MOBILE, ALABAMA.

(The witness was duly sworn by the Presiding Officer.)

DR. GOLD: What is your activity?

MR. HUGHES: Naval stores, producer and factor, but principally factor.

DR. GOLD: Would you give us your opinion on this subject we have been discussing?

MR. HUGHES: My opinion I suppose is not worth very much. My business is limited. I handle only about 6,000 barrels of turpentine a year. My customers will stay about the same, I feel.

DR. GOLD: Do you feel that is characteristic of your district?

MR. HUGHES: So far as I know it is.

As far as my customers are concerned, the crop will not show any material increase. I have talked to them all, and all of them want to maintain their places and their prices. In fact I see no chance for them to greatly increase their volume.

As far as other people in my territory are concerned, I know of one concern that has leased recentaly a tract of timber that is estimated to handle fifteen or sixteen crops. That is the largest tract I have had any knowledge of.

DR. GOLD: Thank you very much.

(Witness excused.)

FURTHER TESTIMONY OF MILLARD REESE.

(The witness was previously duly sworn by the Presiding Officer.)

MR. REESE: I am not sure the record is altogether clear, and having been a reporter myself, I know that sometimes the record does not contain everything that is said.

I just wanted to correct, however, any possible impression in view of your question of Mr. Rives, that I feel sure there will be a crop of 550,000 units in gum production next year. My statement was very carefully guided on that point and assumed normal weather and labor conditions.

That is my guess, that the crop will be approximately 550,000 units next year, assuming normal weather and labor conditions. I have expressed the point that I do not anticipate normal labor conditions and I stress that point.

DR. GOLD: Mr. Reese, I assure you I was not attempting to criticize you in any way.

MR. REESE: I was sure you were not.

DR. GOLD: As I recall your testimony yesterday, you also put in

an output ranging from 550,000 barrels to 600,000 barrels. Is that correct?

MR. REESE: Yes. Dr. Gold, it is generally accepted in the industry that weather may make a difference of 10 per cent in production. Now assuming abnormally good weather and assuming entirely normal labor conditions, that is that labor will be plentiful and willing to work, I can conceive of a maximum of 600,000 units production next year.

DR. GOLD: Thank you. That is all on this subject.

(Witness excused.)

PRESIDING OFFICER GIFFORD: At this time we will recess until 2:00 o'clock. We will start promptly at 2.

(Thereupon at 1:00 o'clock p. m., a recess was taken until 2:00 o'clock p. m.)

AFTERNOON SESSION

(The hearing was resumed at 2:00 o'clock p. m.)

PRESIDING OFFICER GIFFORD: Come to order, please.

Before proceeding with the specific articles of the agreement, if there is anyone else who would like to express their opinion upon the estimated production for next year we will be glad to have you do so.

(No response.)

PRESIDING OFFICER GIFFORD: If not, if you will turn to the agreement, and for those who do not have copies, there are plent of copies available in the rear of the room.

The first page is simply the preamble to the proposed marketing agreement.

All right, you may proceed, Mr. Ward.

MR. WARD: Mr. Chairman, I have here some messages which have come in and which I think should properly be incorporated in the record.

First, I have a letter addressed to the Secretary of Agriculture from Rabun, Alabama, in which the Sims & Stewart Turpentine Company, by J. A. Sims, manager, say:

"We understand there will be a meeting in Jacksonville, Florida on the 31st of this month relative to government control of naval stores.

"We want to go on record as opposed to any government control of naval stores.

"Please do all you can to prevent its passage.

"Thanking you in advance we beg to remain,

"Yours truly."

A telegram has come in, and all of these messages that I will give now I think are all addressed to me. No, one of them is addressed to the Chairman of Naval Stores Meeting, Jacksonville, Florida.

"Impossible to attend hearing on market agreement but I am heartily in favor of new agreement and want my vote placed on record accordingly. Respectfully.

"C. C. Yates."

That is from Quincy, Florida.

There are three letters which except for the number of units given as the quota, are identically the same.

One of them is from the Coastal Turpentine Company, Brunswick, Georgia, and is signed by R. L. Beatty, President.

Another one is from the White Springs Naval Stores Company, Brunswick, Georgia, and is signed by R. L. Beatty, President.

And one from the Odum Turpentine Company, Brunswick, Georgia, and is also signed by R. L. Beatty, President.

Each of them reads as follows:

"WE had an allotment this year of 516 barrels of turpentine and

the rosin that goes with it. I am unable to attend the meeting in Jacksonville on October 31st, but I wish to state that we are opposed to having a marketing agreement. Think, though, that we would be favorable to a research and advertising program."

The one from the White Springs Naval Stores Company, the allotment is 642 barrels, and the one from the Odum Turpentine Company, has an allotment of 312 barrels.

Then a telegram from Alapaha, Georgia, addressed to me, and signed by J. M. Henderson, which reads as follows:

"My allotment this year two hundred sixty two. Wish to oppose any government control or marketing agreement over gum turpentine."

The next is a telegram from Valdosta, Georgia, signed by Mayne Booker which reads as follows?

"Opposed to government interference with naval stores industry except forest preservation and research. Seven hundred eleven units."

Then a telegram signed by A. Corbitt, which reads as follows:

"I oppose any interference with the production and sale of naval stores. Allotment three fifty two."

That is from Willacoochee, Georgia.

That is all, Mr. Chairman.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: I have at this time something which I would like to introduce into the public record. I think it will be of particular interest to factors and dealers.

In view of the contemplated public hearing our section requested Dr. Veitch to have a survey made of stocks in the hands of industrial

consumers and others as of September 30th. Dr. Veitch had that survey made. I believe he is here and I am sure he will be glad to amplify or contradict any statement that I may make about it. The point is, of course, that we asked for it in a very short period, and asked that the results be obtained as of October 1st so that they would be available for this hearing, and so that is probably not as complete as Dr, Veitch would like to see it. I think it is of sufficient interest to you for me to read some figures included in here. I think I will speak of rosin first, because you are aware that rosin statistics in general have tended to be more complete and adequate than turpentine.

The total stocks of rosin included in here show that on September 30th, 1935 there were 849,630 barrels, 500 pounds gross weight.

This compares with total stocks of 848,550 barrels on March 31st, 1935, the beginning of the crop year, so that so far as the total is concerned there is practically no shift in the relative position of these two dates.

The details in regard to stock held at Savannah, Jacksonville and Pensacola and others are probably pretty familiar to you. The industrial stocks, that is to say, stocks held in plants -- these are not, of course, all industrial plants and I believe the records are somewhat incomplete, but they show a total on September 30th, 1935 of 286,679 barrels.

This compares with stocks of September 30th, 1934 held by the same people reporting at this time of 400,000 barrels. So that you have a difference in the stock position at this time of approximately 114,000 barrels of rosin, which in general is a more favorable position.

Stocks on hand held by these people on March 31, 1935, which is the more usual year for stock figures, show 306,013 barrels, so that as compared to the March 31, 1935 position the September 30th position is

approximately the same, being a little less than 14,000 barrels below the March 31 position.

Now, I think that you are aware of the details at the other ports. There are statistics given here for the wood group which may be of interest to you.

The steam distilling plants show total stocks of 75,715 barrels on September 30th, 1935, as compared to 104,355 barrels on March 31,1935.

Turpentine stock figures particularly, and almost exclusively, with respect to consumer stocks have always been very bad. I think Mr. Veitch will agree with me, and these in my opinion represent a very inadequate representation of the consumer stocks.

The September 30, 1935 position is that industrial plants had stocks of 19,933 barrels. This compare with 34,000 barrels on September 30, 1934. These are barrels of 50 gallons, and compare with stocks of 14,000 barrels on March 31, 1935 for this list of industrial consumers, so that you have industrial plants according to this report having stocks ranging 6,000 barrels above stocks held on March 31, 1935, on September 30th, 1935.

Now, I think that since Mr. Veitch is here and since these represent entirely his work, that if he will be good enough I will ask him to make any comments he sees necessary on this, and I will then offer these for the record.

PRESIDING OFFICER OLDFIELD: The survey of stocks referred to by Mr. Gold will be copied into the record.

(The survey of stocks above mentioned and ordered copied into the record is as follows:)

STOCK OF TURPENTINE, SEPTEMBER 30, 1935.

TURPENTINE (Barrels, 50 Gallons)

Location	Sept. 30, 1935	Sept. 30, 1934	Mar. 31, 1935
Savannah	38,611 (1)	11,802 (1)	23,791 (3)
Jacksonville	53,817 (1)	35,574 (1)	36,853 (3)
Pensacola	35,411 (1)	24,402 (1)	25,586 (3)
Other South ports	35,064 (1)	(5)	20,120 (3)
Interior Yards	17,754 (1)	(5)	13,601 (3)
Baxley, Estill, Tifton, Shamrock, Youngstown	5,299 (2)		
Southern Ports and Interior Yards	185,956		119,931 (3)
S. D. Wood plants	2,668	(5)	10,207 (3)
Sulphate " "	1,494	(5)	1,295 (3)
D. D. " "	2,897	(5)	759 (3)
Total	7,041		12,261
Eastern Distributing points	9,815	(5)	9,743 (3)
Central Distributing points	16,968	(5)	14,169 (3)
Western Distributing points	3,252	(5)	3,826 (3)
Total	30,035		27,738
Industrial plants	19,993 (4)	24,000 (4)	17,139 (6)
			14,006 (7)
TOTAL	243,025		177,069

STOCKS OF ROSIN, September 30, 1935.

ROSIN (Barrels, 500 pounds.)

Location	September 30, 1935	Sept. 30, 1934	Mar. 31, 1935
Savannah	124,271 (1)	135,897 (1)	115,102 (3)
Jacksonville	122,846 (1)	85,641 (1)	104,354 (3)
Pensacola	58,427 (1)	23,430 (1)	32,301 (3)
Other South ports	107,150 (1)	(5)	74,809 (3)
Interior Yards	43,631 (1)	(5)	45,910 (3)
Baxley, Estill, Tifton, Shamrock, Youngstown	11,852 (2)		
Southern ports and Interior Yards	467,977		372,476
N. D. Wood Plants	75,715	(5)	104,355 (3)
Sulphate " "	- - -	(5)	- - -
D. D. " "	- - -	(5)	- - -
Total	75,715		104,355
Eastern Distributing points	9,566	(5)	11,080 (3)
Central Distributing points	8,729	(5)	14,858 (3)
Western Distributing points	964	(5)	1,017 (3)
Total	19,259		26,955
Industrial plants	286,679 (4)	400,000 (4)	344,764 (6) 306,013 (7)
TOTAL	849,630		848,550

REFERENCE CHART FOR FIGURES IN PARENTHESIS IN ACCOMPANYING PRECEDING CHARTS.

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(1) Figures from Weekly Naval Stores Review, page 3.

(2) Stocks for Baxley, Estill, Shamrock, Tifton and Youngstown not included in figures given in Naval Stores Review, page 3.

(3) Figures as reported in 1934-35 Naval Stores Report, Department of Agriculture.

(4) Figures, Industrial Users, for September 30, 1934, and September 30, 1935, obtained from a selected list of all users who report as of March 31 of any recent year, 100 barrels of turpentine and/or 300 round barrels of rosin.

(5) Figures for September 30, 1934, not collected for these classes.

(6) These figures are for all industrial users as of March 31, 1935.

(7) The total stocks, March 31, 1935, for the selected list of industrial users from whom September 30, 1935 stock figures were collected. Not included in total.

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(1) Figures from Daily Bread figure sets", page 6.

(2) Figure for Daily, Brief, Observer, Office and Transportation sta-
tioned in figures given in Naval orders Series, page 6.

(3) Figure as reported in [illegible] Naval Stores Report, Department of
Agriculture.

(4) Figures, Industrial Digest, for December 20, 1924, and September 30,
1928, obtained from a similar list of all users who reports as of
Table II of any recent year, 100 metric of Corporation valley 800 round
barrels of resin.

(5) Figures for September 30, 1924, not published for these elements.

(6) These figures are for all industrial users as of March 31, 1928.

(7) The total stocks, March 31, 1928, for the selected list of indus-
trial users from whom September 30, 1928 stock figures were ob-
tained. Not included in table.

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PRESIDING OFFICER GIFFORD: You may proceed, Dr. Veitch, if you have any statement you wish to make.

DR. VEITCH: Mr. Chairman, I do not know that there is anything that I can add to what Dr. Gold has said, except possibly to explain a little about how we got these consumers stocks.

These are the total stocks of all consumers reporting to us who, as a rule, carry in store 100 barrels, 50-gallon barrels of turpentine or 300 barrels of rosin, and they represent, as you will see from the figures the vast majority of the stocks in the hands of consuming industries so far as they are reported to us.

I will be glad to answer any question that I can about them, but I don't think it is worthwhile to take the time to go into the matter.

PRESIDING OFFICER GIFFORD: Thank you, Dr. Veitch.

Now, if you will refer to the proposed marketing agreement and order, Article I on page 2, that article has to do with definitions and if the proponents of this agreement will take this matter up at this time we will be glad to have them do so.

MR. NEWTON: Do you want to go through each definition?

MR. BARKALOW: Yes.

FURTHER TESTIMONY OF CARL F. SPEH.

(The witness was previously duly sworn by the Presiding Officer.)

MR. SPEH: I was wondering, Mr. Chairman, if we could see that each one in the room had been supplied and have in hand a copy of this proposed marketing agreement.

PRESIDING OFFICER GIFFORD: They have been instructed how they can get them if they do not have them.

MR. SPEH: Section 1, "definition of terms. As used in this agreement;

"1. "The term 'Secretary' means the Secretary of Agriculture of the United States."

PRESIDING OFFICER GIFFORD: Is there any discussion on that definition?

(No response.)

PRESIDING OFFICER GIFFORD: All right, proceed to the next definition, Mr. Speh.

MR. SPEH: Paragraph 2. "The term 'Act' means the Agricultural Adjustment Act, approved May 12, 1933, as amended."

PRESIDING OFFICER GIFFORD: Is there any discussion on that definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed with the next definition.

MR. SPEH: Paragraph 3. "The term 'person' means individual, partnership, corporation, association, or any other business unit."

PRESIDING OFFICER GIFFORD: Does anyone wish to discuss that definition?

(No response.)

PRESIDING OFFICER GIFFORD: Proceed to the next definition, Mr. Speh.

MR. SPEH: Paragraph 4. " 'Naval stores' means naval stores as included in the Naval Stores Act and standards established thereunder, including spirits of turpentine, rosin and/or refined or partially refined oleoresin."

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: Is this a definition which is widely recognized in the industry?

MR. SPEH: It is widely recognized in the industry, both in the producing end of it and in the industry consuming our product.

DR. GOLD: Do you feel that it includes all commodities which the Naval Stores Act and the Agricultural Adjustment Act enable you to propose marketing agreement on?

MR. SPEH: I do.

DR. GOLD: Are there any others connected with this industry which are omitted at this time which the Agricultural Adjustment Act or the Naval Stores Act enable you to include in a marketing agreement?

MR. SPEH: Not to my knowledge, no.

PRESIDING OFFICER GIFFORD: Are there any further questions that anyone would like to ask Mr. Speh on that definition?

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: I would like to ask if the original agreement did not provide, if there wasn't a provision in the original marketing agreement

providing for gum sellers?

MR. SPEH: As I understand it, Mr. Chairman, we refer here merely to the definition of naval stores, and not to the people included in the agreement.

DR. GOLD: Yes, this is simply a definition of naval stores. What we are trying to do is to be sure that there is no doubt about the commodity of which we are talking.

PRESIDING OFFICER GIFFORD: Is there any further discussion on the definition of naval stores?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to the next definition.

MR. SPEH: Paragraph 5. "The term 'crude gum' means oleoresin, the exudation produced by periodically scarifying living pine trees of various species."

This definition is included, Mr. Chairman, because reference is made to this product, crude gum, as a means of providing one of the classes of tags later referred to in the agreement.

MR. BARKALOW: Is that definition generally accepted in the trade, Mr. Speh?

MR. SPEH: It is a definition that would be easily recognized in the trade. It is a colloquialism, you might term it. This is the way in which tap is differentiated from scrape, but the trade as a rule and as a whole would look upon the combined scrape and tap as crude gum products.

PRESIDING OFFICER GIFFORD: Is there any further discussion on this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to the next.

DR. GOLD: Mr. Speh, I would like to refer back to paragraph 4. What specifically does the naval stores act include as a definition of naval stores?

MR. SPEH: Spirits of turpentine and rosin.

MR. GOLD: It does not include refined or partially refined oleoresin?

MR. SPEH: It does not. This is added because of its inclusion in the adjustment Act amendment.

MR. GOLD: Don't you feel that as the definition is now given it means to imply that all of this is under the Naval Stores Act if you will look at it starting from that word "including"? Now, that apparently modifies the Naval Stores Act, " and standards established thereunder."

Now, the Naval Stores Act does not include refined or partially refined oleoresin, does it?

MR. SPEH: It does not. Could that be overcome by putting a comma in the first line, "'Naval stores' means naval stores," and then put in a comma, "as included in the Naval Stores Act and standards established thereunder," etc.

DR. GOLD: I think perhaps a comma after "rosin" may solve the problem there, but at any rate would you prepare an amendment to cover that?

MR. SPEH: We will be glad to, yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion on definition 5?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed with the next.

MR. SPEH: Paragraph 6. "The term 'gum turpentine' means spirits of

turpentine made from gum (oleoresin) from a living tree."

That was taken out of the Naval Stores Act.

PRESIDING OFFICER GIFFORD: Is there any discussion of that definition?

(No response.)

PRESIDING OFFICER GIFFORD: Proceed to the next.

MR. SPEH: Paragraph 7. "The term 'gum rosin' means rosin remaining after the distillation of gum spirits of turpentine."

That also comes from the Naval Stores Act.

PRESIDING OFFICER GIFFORD: Is there any discussion on that definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to the next one.

MR. SPEH: Paragraph 8. "The term 'cleaned gum' means gum (oleoresin) remaining after the cleaning and/or refining of crude gum by treating it in any manner."

PRESIDING OFFICER GIFFORD: Is there any discussion on that definition?

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: By that term do you mean refined or partially refined oleoresin?

MR. SPEH: We do.

DR. GOLD: That is the intention that you have?

MR. SPEH: That is the intention. It does not necessarily mean that it is a chemically cleaned or physically cleaned gum. It is merely

a gum which has been treated in some manner, to which we use the general term "cleaned gum".

DR. GOLD: Do you feel that that is including those provisions of the Adjustment Act --

MR. STEH: It is referred to in the Adjustment Act as "refined or partially refined oleoresin."

DR. GOLD: Yes.

PRESIDING OFFICER GIFFORD: Is there any further discussion on that definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed.

MR. STEH: Paragraph 9. "The term 'wood turpentine' means steam distilled wood turpentine, destructively distilled wood turpentine and wood turpentine obtained from wood by the sulphate process."

That again, comes from the Naval Stores Act.

DR. GOLD: Do I understand correctly that a brief has been prepared discussing these various methods of production?

MR. STEH: A brief will be submitted which will include a rather short statement on each method of production of these wood products.

PRESIDING OFFICER GIFFORD: Is there anything further on that definition?

(No response.)

PRESIDING OFFICER GIFFORD: Proceed to the next.

MR. STEH: Paragraph 10. "The term 'wood rosin' means rosin remaining after the distillation of steam distilled wood turpentine."

That definition also comes from the Naval Stores Act.

DR. GOLD: Do I understand correctly that the other processes of wood distillation do not result in rosin?

MR. SPEH: Wood rosin is obtained only from the steam solvent process, and is not obtained from destructive distillation or the sulphate method.

PRESIDING OFFICER GIFFORD: Is there any further discussion on that definition?

MR. BARKALOW: Might I ask if any of the representatives of the wood group have any objections to these definitions?

MR. SPITZ: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Spitz.

MR. SPITZ: I have no objection to them, Mr. Chairman, but I believe sulphate turpentine can include rosin.

DR. GOLD: Dr. Veitch, I wonder if you could help us out on this problem, please.

PRESIDING OFFICER GIFFORD: I think in the interest of time that this entire matter should be gone through and explained by the proponents of the proposed marketing agreement because there probably will only be objections to one, two or three of the definitions, because they seem to be somewhat standard, and that would have their objections come in at the end. Wouldn't that be better?

MR. BARKALOW: No, I think not.

PRESIDING OFFICER GIFFORD: All right, we proceed then the way we are.

Dr. Veitch?

DR. VEITCH: Yes, sir.

PRESIDING OFFICER GIFFORD: Dr. Veitch, would you please state your name and your connection with the government so that you will qualify as a representative of the government.

STATEMENT OF F. P. VEITCH
IN CHARGE OF NAVAL STORES RESEARCH,
DIVISION OF BUREAU OF CHEMISTRY AND SOILS,
DEPARTMENT OF AGRICULTURE.

DR. VEITCH: My name is F. P. Veitch, I am in charge of Naval Stores Research, Division of Bureau of Chemistry and Soils, Department of Agriculture.

PRESIDING OFFICER GIFFORD: Thank you very much, Doctor.

DR. GOLD: Dr. Veitch, would you discuss with us the possibility of the sulphate process giving rosin as well as the turpentine?

DR. VEITCH: I do not know of straight rosin having been actually produced from the by-products of the sulphate method of making wood pulp, but I can see it would be entirely possible. It would require a separation of fats that occur with that material, and I think it would be entirely possible to make rosin.

DR. GOLD: But you do not know of any production?

DR. VEITCH: I do not know of any production at this time.

MR. NEWTON: I think we ought to remember that definition.

PRESIDING OFFICER GIFFORD: Is Mr. Tennent present?

(No response.)

PRESIDING OFFICER GIFFORD: He does not seem to be here.

DR. GOLD: I want to ask Mr. Spitz a question.

PRESIDING OFFICER GIFFORD: Mr. Spitz, will you come forward, please?

DR. GOLD: Mr. Spitz, why did you bring up this problem? Do you

feel that there is something which is not covered here, which represents something which should be covered?

MR. SPITZ: I said I had no objection to the definition but that there was a possibility and I believe it is being produced, I believe there is being produced a small amount of rosin in the sulphate process and more can be produced if desirable.

DR. GOLD: Would that require any establishment of a plant or machinery?

MR. SPITZ: Oh, yes.

DR. GOLD: Is that an expensive process?

MR. SPITZ: I cannot say.

DR. GOLD: Do you feel that a program or a marketing agreement which contemplates including all groups of the naval stores industry should by that fact include possible production of rosin in the sulphate industry?

MR. SPITZ: Well, personally I am not interested if it does or does not. I don't know what per cent could be produced.

DR. GOLD: I have not asked you about your interest. I asked you whether you thought that a program which was to include all groups of naval stores should in its definition protect the fact that there is rosin produced or can be produced in the sulphate industry?

MR. SPITZ: I think it should.

DR. GOLD: Will you prepare an amendment to that, Mr. Speh?

MR. SPEH: Yes, sir.

PRESIDING OFFICER CLIFFORD: Is there any further discussion on this definition?

(No response.)

PRESIDING OFFICER GIFFORD: All right, proceed.

MR. SPEH: "The term 'reclaimed rosin' means rosin remaining after the extraction with a suitable solvent of batting dross, or strainer dirt, or the treatment in any manner of such batting dross or strainer dirt for the purpose of recovering the rosin."

There is in the process of producing gum rosin the step of filtration of the rosin as it leaves the still. The rosin is in a molten condition. It contains such foreign matter as bits of bark, needles, bits of wood and dirt, sand, and it is necessary to filter out this foreign material. This is done by running it through a series of wire strainers and finally through layers of cotton batting. The molten rosin finally goes into a vat below the last strainer.

You cannot drain all of the rosin from this dirt or cotton batting. Consequently it has a commercial value, particularly the batting. It contains, I believe, about 85 or 80 per cent by weight of rosin, and there is a market for the waste product. It is sold to the rosin recovery plants, treat the batting dross by breaking it up somewhat and putting it into a digester and introducing the proper solvent and heating, and after the rosin has been dissolved out of the batting dross, filtering this solution and the solvent evaporates, and the residue is strained gum rosin. However, having gone through this extra step it has been decided to classify it as reclaimed rosin, and I believe that is recognized.

May I ask Dr. Veitch a question?

PRESIDING OFFICER GIFFORD: Certainly.

MR. SPEH: I would refer to Dr. Veitch whether or not that is

recognized as reclaimed under the Naval Stores Act?

DR. VEITCH: We call it gum rosin.

MR. SPEH: Gum rosin?

DR. VEITCH: There is no provision under the Act for "reclaimed rosin." It is classified under the Act to include the term "gum rosin."

The trade, however, makes a distinction.

PRESIDING OFFICER GIFFORD: Is there any further discussion on this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed.

MR. SPEH: "The term 'unit' means one (1) barrel (approximately fifty gallons) of gum turpentine and three and one-third (3-1/3) barrels (approximately 500 pounds each gross weight) of gum rosin, or five (5) barrels (approximately 50 gallons each) of crude gum of four and one-third (4-1/3) barrels (approximately 50 gallons each) of cleaned gum."

PRESIDING OFFICER GIFFORD: I take it that everyone present has available before him or is familiar with the meaning of these terms, and therefore I do not see the necessity of re-reading each one of these and taking up that time. Just a short explanation or statement of what it means, I think, is enough to bring the matter into the record for discussion and if there is anyone who has objection to them or desires the definitions clarified, they can express their opinion as to how such definition should be changed, modified or clarified. I think that will save a great deal of time because if we start reading this matter entirely through we probably will not get through for many days.

DR. GOLD: Mr. Speh, are these units as quantity that are referred to -- that are defined here, the usual terms in the industry?

MR. SPEH: The industry itself --

VOICES: Louder, louder please.'

MR. SPEH: The industry itself has not been accustomed to the use of the term "unit". We generally speak of the volume of production of the operator as so many barrels of turpentine, and the statement is used so frequently that we unconsciously associate with it the volume of rosin produced with it. Therefore, the trade hasn't been called upon to build up a business word. However, the word is in here in the sense of tying together the units of turpentine which at the present corresponds to the production of rosin, and that is produced in general throughout the season and throughout the belt at the rate of three and one-third round barrels of 500 pounds each gross weight for each 50 gallons of turpentine produced.

DR. GOLD: These other definitions, 5 barrels of crude gum or 4-1/3 barrels of cleaned gum, are they the approximate equivalents? In other words, could one extract from them a unit of turpentine and rosin?

MR. SPEH: The average throughout the belt, throughout the season, is that it requires about 5 barrels of crude gum of this size to produce the unit of turpentine and rosin, namely 50 gallons of turpentine, and in general the 5 barrels of crude gum if treated to remove foreign matter, dirt and water, will be reduced to 4-1/3 barrels of cleaned gum.

PRESIDING OFFICER GIFFORD: Since this definition is not one coming up at this time in your industry, is there anyone who has objection to this definition of the word "unit"?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed with the next definition.

MR. SPEH: "The term 'barrel of wood turpentine' means fifty (50) gallons of wood turpentine weighing 7-2/10 pounds per gallon."

The barrel of wood turpentine merely refers to the 50 gallons, the only difference being that they have added there or that there has been added the weight basis, 7-2/10 pounds per gallon. The average turpentine at what might be considered the average temperature has a weight of 7-2/10 pounds per gallon, and that weight is true of either gum or wood.

PRESIDING OFFICER GIFFORD: Does anyone else have any comment on this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed with the next.

MR. SPEH: The reason for the distinction in the defintion of "barrel of wood rosin" is that I believe it is not uncommon in the wood turpentine group to sell their rosin net weight, and for that reason in order that there may be no misunderstanding, the net weight figure equivalent to the gross weight has been included.

PRESIDING OFFICER GIFFORD: If there is nothing further on that definition, proceed to number 15, defining the word "package".

MR. SPEH: "Package" as used here is intended to cover every form of container used in the shipment of turpentine, rosin or gum.

PRESIDING OFFICER GIFFORD: Is there any objection to that definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to No. 16, defining

the word "processor."

MR. SPEH: The term "processor" means any person who, having processed crude gum or wood for the purpose of producing cleaned gum, turpentine and/or rosin, or who having processed cleaned gum for the purpose of producing turpentine and/or rosin therefrom, handles turpentine, rosin or refined or partially refined oleoresin in the current of interstate or foreign commerce, or so as to directly burden, obstruct, or affect interstate or foreign commerce, and this, as you will note, is written to cover any person who takes crude gum and treats it in any manner for the purpose of producing cleaned gum or takes crude gum and treats it so as to produce turpentine or rosin or finally takes the cleaned gum for the purpose of producing turpentine and rosin.

So much for the gum end.

It is intended to include as the processor that person who processes wood by any of the methods which will produce any of the naval stores as referred to in the agreement.

However, it includes the fact that not only must he process, but he handles the resulting turpentine and rosin or oleoresin in the current of interstate or foreign commerce as outlined.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: In this morning's testimony we heard of a group of gum producers who frequently paid a distilling charge and then obtained from their crude gum naval stores.

Can you tell us, first, what in your opinion is the relative importance of this group in the industry?

MR. SPEH: We have no accurate figures as to the volume of tur-

pentine and rosin handled by processors of-that part.

I think it would be well to go into detail there a little bit. A man may produce crude gum and for one reason or another decide he will not process or distill it himself. He, however, wishes to sell or have sold for himself the resulting turpentine and rosin, and he makes an arrangement with somebody owning a still to carry out this separation. He pays for it either in cash or frequently in terms of gum or sometimes as turpentine and rosin. The resulting turpentine and rosin is shipped in his name.

Let me put it this way rather: that the reason it is so difficult to determine the volume involved in this class of processor is that his method fluctuates. Sometimes he may decide to sell gum and have no interest in the resulting turpentine and rosin, or the following week he may decide that he will have it distilled for himself and sell it as turpentine and rosin; so there is no way of telling that I know of. We have no accurate record as to the volume involved.

DR. GOLD: Well, do you construe him as a processor?

MR. SPEH: We do, because he is the principal and he hires and engages the services of a man to do the processing, and therefore he remains the processor.

DR. GOLD: Well, has he processed or produced cleaned gum himself? You mean produce here cleaned gum or naval stores or other naval stores.

MR. SPEH: Not through his own physical efforts, but he has hired people to do it for him.

MR. BARKALOW: Mr. Speh, if you grew wheat and took the wheat to the mill and had it ground would you consider that you were a miller?

MR. SPEH: No, I think not.

MR. BARKALOW: Well isn't this the same case? Here there is a crude gum producer who takes crude gum to a still and has it distilled and he is a crude gum producer. He is not a processor of crude gum. If processed at the still he becomes the owner of naval stores, is that correct?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Does anyone have anything further on this definition?

MR. GOLD: Do you feel, Mr. Speh, that such a man would come under the term of "handler"?

MR. SPEH: He would be handling the commodity involved, namely, turpentine and rosin.

DR. GOLD: With respect to the various handler groups that you have included in here as parties to the agreement, is he in a group by himself?

MR. SPEH: He certainly would not be a factor nor would he be a distributor, and I must confess that I don't know.

MR. BARKALOW: Would he not, Mr. Speh, be in the same position as a handler, as would the man who owned a still and he becomes a handler when he begins to move naval stores in commerce? Is that not correct?

MR. SPEH: Well, he is a handler of the products, turpentine and rosin.

MR. BARKALOW: Then your crude gum producer would become a handler when he begins to move naval stores which he acquired in commerce.

MR. SPEH: He would, yes, sir, but crude gum is not defined as naval stores.

DR. GOLD: Do I understand clearly that you have no notion as to the volume of business done by this group?

MR. SPEH: I have no notion, no. I would not even venture a guess on it.

DR. GOLD: Has there been no consideration in the industry, no work done on the extent of this group?

MR. SPEH: I rather have a vague recollection that Dr. Coulter, who was aiding Captain Eldredge in his survey of naval stores, developed some information along that line, but I am not certain.

PRESIDING OFFICER CLIFFORD: Gentlemen, I am quite sure that none of you in the audience are hearing what is being said, and I am sure you are interested in it.

DR. GOLD: Is it contemplated that this program should include such people who have gum processed for them and then shipped in interstate commerce?

MR. SPEH: They should be included because it would be just as important to regulate the volume of turpentine and rosin which they handle as it is to regulate the volume of turpentine and rosin handled by any processor.

DR. GOLD: Without having you give the details now, can you tell me whether you have included in other provisions in this agreement some method of control for marketing by this group?

MR. SPEH: It is contemplated that they receive an allotment similar to that given any regulated processor.

PRESIDING OFFICER CLIFFORD: Is there any further discussion of this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to No. 17, defining the word "processing".

MR. SPEH: Number 17 merely translates into action the definition of the person in Number 16.

PRESIDING OFFICER GIFFORD: Is there any further discussion as to Number 17?

(No response.)

PRESIDING OFFICER GIFFORD: If not, Number 18, defining the term "to handle".

MR. SPEH: Here we attempted to include the movement of the naval stores into the channels of trade whereby it is introduced into industries -- into interstate or foreign commerce under the provisions defined here.

PRESIDING OFFICER GIFFORD: Is there any discussion on this definition?

MR. BARKALOW: Is it not true, Mr. Speh, that the basis of that definition is Section 8-c (1) of the Act?

MR. SPEH: Do you have that before you? I am not sure.

It is, yes, sir.

DR. GOLD: If I might interrupt at this time, I would like to call Mr. Lockwood, Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Lockwood, will you please come forward.

TESTIMONY OF J. E. LOCKWOOD
SAVANNAH, GEORGIA
NAVAL STORES CONSULTANT.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Mr. Lockwood, will you give your name

to the reporter for the purpose of the record?

DR. GOLD: Would you talk over the microphone so that everyone will know your name, your residence and your occupation?

MR. LOCKWOOD: My name is Joseph E. Lockwood; residence, Savannah, Georgia.

Occupation, naval stores consultant.

DR. GOLD: Mr. Lockwood, you have heard the discussion on this group of crude gum producers who have their crude gum processed into naval stores.

MR. LOCKWOOD: I have heard part of it but I did not follow closely all of it.

DR. GOLD: Do you have either material or opinions on the extent of the operations of this group?

MR. LOCKWOOD: I have statistics supplied to me by Captain Eldredge in charge of survey of southern forests and canvass of commercial naval stores production for the season 1933-1934, which classifies the small producers without stills, the large producers with stills and stills with no production, giving the number of operators, the number of crops worked and the number of units produced by each such class.

I have that information with me.

DR. GOLD: Would you be good enough to put it into the record, please.

MR. LOCKWOOD: Do you wish me to read just the totals by classes and then file the paper?

DR. GOLD: Yes, if you would please.

MR. LOCKWOOD: The small producers without stills for the 1933-1934 crop, of which 93 per cent is represented in the survey by Captain

Eldredge, 7 per cent is my estimate of the unsurveyed area which he has agreed with me is reasonably accurate, and the combined total, 93 per cent represented by Captain Eldredge's survey, and 7 per cent represented by my estimate of the unsurveyed balance, amounts as a total of small producers without stills, 12,133 in number, operating or working 2,471 crops, producing 86,650 units, or an average of 7.14 units per producer.

The large producers with stills total in number 1,178.

The total number of crops worked, 10,390.

The total number of units produced 439,350.

The average number of units per producer for that class is 348.

Further, there were 26 stills with no production, making the total number of producer operations with and without stills and stills with no production, 13,387 operations, working 12,861 crops and producing the total crop of 526,000 as reported in the annual report for 1934-1935 issued from Washington.

MR. WARD: Mr. Lockwood, the 86,000 that was produced by the people who did not have stills, is that further broken down between the groups who sell their gum and those who have it processed for them?

MR. LOCKWOOD: Yes, the details of that can be supplied by Captain Eldredge. I have the details, but not with me. I have them on file, in the releases that have been issued by the Southern Forest Experiment Station accounting for 385,000 units. The balance, the proportion that we surveyed, they have not yet released the records on but he has supplied these figures to me, and the 7 per cent that I have estimated covering the territory he has not surveyed.

MR. GOLD: Did you say that you had additional information relative to this particular problem?

MR. LOCKWOOD: Yes, we have it broken down into approximately 12 or 13 classes for the entire class of producers, which was given in the releases issued by the Southern Forest Experiment Station. One for Unit Area No. 1 in South Carolina, their release 14.

One covering Unit Area No. 1 in Georgia, their release No. 4.

One covering Unit Area No. 2 in Georgia, their release No. 13.

One for Unit Area No. 1 in Florida, their release No. 8.

Those releases are quite generally distributed throughout the industry.

DR. GOLD: Would you be kind enough to state briefly your qualification in the industry for us, please?

MR. LOCKWOOD: My qualifications I leave to others to judge. I can only state that my knowledge of naval stores comprises the time I have given it from May 1908 to date, including a year and a half study before I located, built, operated and managed the present wood rosin plant for commercial production, and following through that later as director of naval stores for the Hercules Powder Company until three and one-half years ago, and now as an independent naval stores consultant located in Savannah, Georgia.

PRESIDING OFFICER GIFFORD: Mr. Lockwood, you referred to a publication from which these figures were available. What is the exact title of that?

MR. LOCKWOOD: Releases. The first one was released, I think, No. 4 on the survey of Unit Area No. 1 in Georgia, of turpentine production.

I don't remember the wording of the rest of the title.

PRESIDING OFFICER GIFFORD: That is published and is available in

general circulation?

MR. LOCKWOOD: That was mailed out from the Southern Forest Experiment Station at New Orleans.

PRESIDING OFFICER GIFFORD: This document referred to by Mr. Lockwood will be made a part of this record by reference only.

MR. LOCKWOOD: There are four such releases that have been issued to date.

Release No. 4, covering Unit Area No. 1 of Georgia.

Release No. 8, covering Unit Area No. 1 of Florida.

Release No. 13, covering Unit Area No. 2 of Georgia.

And Release No. 14, covering Unit Area No. 1 of South Carolina.

These Units Areas refer to units of area surveyed -- to unit areas survey of Southern Forests by the Southern Forest Experiment Station under the direction of Captain Eldredge.

PRESIDING OFFICER GIFFORD: All of these documents will be made a part of the record by reference only.

MR. LOCKWOOD: Shall I file these figures?

PRESIDING OFFICER GIFFORD: The document showing the figures from which Mr. Lockwood has read will be copied into the record.

(The document referred to and ordered copied into the record is as follows:)

general circulation:

EX. [illegible] Each may qualify and then the Employers Mutual Indemnity Casting as Own Company.

PROVISIONS OMITTED: This Contract referred to by Mr. Johnson will be made a part of this record by reference only.

EX. [illegible] These are five cash dividends that have been issued to date.

Balance No. 1, covering Unit Area No. 1 in Oregon.

Balance No. 2, covering with Lease No. 1 of Chevrolet.

Balance No. 13, covering Unit Area No. 2 of Georgia.

and Balance No. 14, covering Unit Area No. 3 of Lincoln Counties.

These data items refer to units of area surveyed — in each area survey of Precision Forests by the Goodyear Tennessee Mapping Laboratories of Cupcake Gibraltar.

PROVISION OMITTED: All of these Provisions will be made a part of the record by reference only.

EX. [illegible] Exhibit 3 File Three Figures?

Providing Omitted Entirely: The remaining remaining five figures from with DV. Inclosed but read will be copied into the record.

(The Secretary instructed to not reserve copies for the record is as follows:)

1933-34 PRODUCTION-GUM NAVAL STORES.

IN UNITS OF 1 BARREL TURPENTINE and

3-1/3 barrels ROSIN.

TABLE 1-TOTAL SURVEYS BY S. FOREST EXPERIMENT STATION

Survey (1) Release No. Survey	Small Producers Without stills Number	Crops	Units
14 S. C. No. 1	378	119.9	3,270
4 Ga. No. 1	8,463	1609.4	59,710
13 " No. 2	335	63.3	2,340
8 Fla. No. 1	28	43.1	1,720
All issued	9,204	1835.7	67,040
Not issued"(2)	2,051	459.8	13,460
Totals (2)	11,255	2295.5	80,500

(1) Issued by Southern Forest Experiment Station, I. F. Eldredge, Director Regional Survey

(2) Special report by I. F. Eldredge, Director Regional survey, to J. E. Lockwood.

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TABLE NO. 2 - TOTAL PRODUCTION-GUM NAVAL STORES
Including areas not yet surveyed or canvassed.

From	Small Producers without stills Number	Crops	Units
Table 1	11,255	2295.5	80,500
Bal. (3)	878	175.5	6,150
Totals	12,133	2471.0	86,650

(3) Estimated by J. E. Lockwood, from Class percentages and

Unit averages of Table 1.

The areas not yet surveyed or canvassed, include all of North Carolina, the sand hills of South Carolina, a few stills in Georgia, all of South Florida below the Withlacooche River, and a few stills in central Alabama.

(4) This estimate of total gum naval stores production is considered by I. F. Eldredge, Director Regional Survey, as reasonably correct.

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1933-34 PRODUCTION-GUM NAVAL STORES

IN UNITS OF 1 BARREL TURPENTINE and

3-1/3 BARRELS ROSIN.

TABLE 1 - TOTAL SURVEYS BY S. FOREST EXPERIMENT STATION

Survey (1) RELEASE No.	Survey	Large Producers with stills Number	Crops	Units	Stills no Prod.
14	S. C. No. 1	47	346.3	12,640	4
4	Ga. No. 1	492	3749.9	163,760	13
13	" No. 2	126	1270.1	61,540	1
8	Fla. No. 1	175	1886.1	80,250	0
All issued		840	7252.4	318,190	18
Not issued "(2)		254	2399.8	89,973	6
Totals (2)		1094	9652.2	408,163	24

(1) Issued by Southern Forest Experiment Station, I. F. Eldredge, Director Regional Survey.

(2) Special report by I. F. Eldredge, Director Regional survey, to J. E. Lockwood

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Unit average of Table 1.

The seven key pri receipts or expenses, leaving all of Dark Cowling, the exact title of Jones Cowling, a Ive ville in Georgia, all at Lynch Tracts below the Withdrawsome River, and a Tom ville in western Arizona.

(4) This estimate of total Pan Amer. routine production is overstated by I. N. Eldredge, Director Regional Survey, as reasonably correct.

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TABLE 2 - TOTAL PRODUCTION-GUM NAVAL STORES
including areas not yet surveyed or canvassed.

From	Large Producers with stills			Stills no Prod.
	Number	Crops	Units	
Table 1	1094	9652.2	408,163	24
Bal. (3)	84	737.8	31,187	2
Totals	1178	10390.0	439,350	26

(3) Estimated by J. E. Lockwood, from Class percentages and Unit averages of Table 1.

The areas not yet surveyed or canvassed, include all of North Carolina, the sand hills of South Carolina, a few stills in Georgia, all of South Florida below the Withlacooche River, and a few stills in central Alabama.

(4) This estimate of total gum naval stores production is considered by I. F. Eldredge, Director Regional Survey, as reasonably correct.

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1933-34 PRODUCTION-GUM NAVAL STORES
IN UNITS OF 1 BARREL TURPENTINE and
3-1/3 BARRELS ROSIN.

TABLE 1 - TOTAL SURVEYS BY S. FOREST EXPERIMENT STATION

Survey (1) Release No. survey	Total Production operations Number	Crops	Units
14 S. C. No. 1	429	466.2	15,910
4 Ga. No. 1	8,968	5359.3	223,470
13 " No. 2	462	1333.4	63,880
8 Fla. No. 1	203	1929.2	81,970
All issued	10,062	9088.1	385,250
Not issued "(2)	2,311	2859.6	103,433
Totals (2)	12,373	11947.7	488,663

(1) Issued by Southern Forest Experiment Station, I. F. Eldredge, Director Regional Survey.

(2) Special report by I. F. Eldredge, Director Regional Survey, to J. E. Lockwood.

TABLE 2 - TOTAL PRODUCTION - GUM NAVAL STORES
including areas not yet surveyed or canvassed.

From	Total Production operations Number	Crops	Units
Table 1	12,373	11947.7	488,663
Bal. (3)	964	913.3	37,337
Totals	13,337	12861.0	526,000 (4)

(3) Estimated by J. E. Lockwood, from Class percentages and Unit averages of Table 1.

The areas not yet surveyed or canvassed, include all of North Carolina, the sand hills of South Carolina, a few stills in Georgia, all of South Florida below the Withlacooche River, and a few stills in central Alabama.

(4) This estimate of total gum naval stores production is considered by I. F. Eldredge, Director Regional Survey, as reasonably correct.

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TABLE 3 - PRODUCTION BY CLASSES AND PERCENTAGES

Class	Operations		Crops worked		Production		aver. units per crop
	Number	Per Cent	Number	Percent	Number	Percent	
Producers without stills	12,133	90.97	2,471	19.21	86,650	16.47	35.07
Producers with stills	1,178	8.83	10,390	80.79	439,350	83.53	42.28
Stills without production	26	.20	0	.00	0	.00	.00
Totals	13,337	100.00	12,861	100.00	526,000	100.00	40.98

Compiled by J. E. Lockwood, for A. A. A., September 26, 1935.

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PRESIDING OFFICER GIFFORD: Is there any further discussion of No. 18, defining the term "to handle"?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will pass on to No. 19, defining the term "handlers".

(Witness excused.)

FURTHER TESTIMONY OF CARL F. SPEH,
JACKSONVILLE, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: You may proceed, Mr. Speh.

MR. SPEH: No. 19 refers to the persons engaged in the handling as defined in No. 18, and here again it sets up as its basis the provision in the Act itself which I believe is 8-c.

It states here in order that it may be specific, "including distributors and factors", so that there may be no doubt that they are recognized as handlers as well as processors as shown in the Act itself.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, No. 20, defining the term "distributor."

MR. SPEH: This refers to that group engaged in the passing on of naval stores to commerce either direct or through an agent located near the consuming point. It is not the trade -- it is not the term which is aptly used in the industry. We are a little bit loose in our choice of words and generally refer to this matter as dealer. However, the word "distributor" here is supposed to include in the broader sense

all persons engaged in distributing, whether domestic or foreign.

PRESIDING OFFICER GIFFORD: Is there any further discussion on this subject?

DR. KRESSMAN: Mr. Chairman, may I go back to No. 19?

PRESIDING OFFICER GIFFORD: Yes, Dr. Kressman.

DR. KRESSMAN: In reference to the term "handlers" here it says "handlers" means persons who are processors, associations of processors, and others.

Now, we don't know yet what a processor is. There has not been a definition of it. We have spent two days here trying to find out whether it means a man who ships out the gum or some local producer.

PRESIDING OFFICER GIFFORD: Do you have a suggested definition for "producer"?

MR. MC INTOSH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McIntosh.

MR. MC INTOSH: I think "associations of producers, engaged in the handling or marketing," are included in the Act.

PRESIDING OFFICER GIFFORD: This gentleman is right, it is defined in these words in the Act. This is just simply copied from the Act.

MR. MC INTOSH: Copies from the Act, yes, sir.

MR. BARKALOW: Dr. Kressman, are you suggesting that we should define "producer" or do you think that was cleared up in the discussion this morning?

DR. KRESSMAN: Well, I think it should be defined. That was the purpose of my question.

MR. BARKALOW: Are you prepared to propose such an amendment at this time or later?

DR. KRESSMAN: Well, I think the term ought to be included here if we are using it in this marketing agreement. We are going ahead and defining everything else, and it seems to me that "producer" is the one thing that has given us the most trouble, and that is the one definition we are not putting in.

MR. BARKALOW: I don't think the term "producer" is used in the agreement in any important sense. Of course, it is in the Act and it might be necessary to have it defined for the Act.

MR. SPEH: There is no important reference made to "producer" throughout the agreement that I can recall. It is merely including the phraseology in the act itself which differentiates between associations of producers from processors. I believe the Act does grant such rights or privileges to associations of producers, which association is engaged in handling as differentiated from the prohibition of regulation of the producer as a producer.

PRESIDING OFFICER GIFFORD: Well, as you understand the meaning of the word "producer", can you make a distinction between that and the definition of No. 16 defining the word "processor"?

MR. SPEH: I think a grouping of the words "associations of producers" should be considered as that of handlers. We are only interested in the associations of producers as handlers because the Act prohibits the regulation of the individual producer in his capacity as a producer.

MR. BARKALOW: Mr. Speh, are you prepared to trace the function of a distributor, the business function, or as you say, dealer?

MR. SPEH: I am not sure that I grasp what you mean. You mean the function, the service performed by the distributor?

MR. BARKALOW: Yes, his place in the industry and what he actually

does in a business way.

If that is to be covered in the brief which is being filed we can omit it here, but it seems to me that somewhere we should have in the record what is the function of a distributor, just what does he do?

MR. SPEH: In the brief which is being filed we do trace the various functions of the various groups and we have outlined the function of the distributor and his relationship to other groups involved.

PRESIDING OFFICER GIFFORD: I might say for the benefit of everybody who is going to file briefs that under the new regulations your brief must be an argument upon the facts which have been presented in evidence at the hearing. No new matter presented in briefs on the new regulations is considered. Therefore, I suggest that if you will accompany your factual statement with a brief, that you will call attention to the record to the facts that you cover in your brief sufficiently to identify your brief with those facts.

Is there any further discussion of the word "distributor"?

And before we leave that the record will show that Dr. Kressman has suggested that a definition of the word "producer" be added as a definition in this article.

MR. MC CORMACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCormack.

(Witness excused.)

FURTHER TESTIMONY OF S. H. MC CORMACK,
PENSACOLA, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. MC CORMACK: May I interrupt just a minute?

PRESIDING OFFICER GIFFORD: Yes, Mr. McCormack.

MR. MC CORMACK: When we made our statement this morning outlining our position to the naval stores industry we were unaware of the fact that nothing could be brought out in the brief except that matter which had been presented in the record here.

Do I understand that correctly, that our opposition or our favor of the agreement or our opposition to it can contain no matter except that which is contained in the record here?

PRESIDING OFFICER GIFFORD: No, sir, it must be based upon substantial facts, general as they may be. If you have assigned any reasons why you are opposing or supporting the agreement then you are allowed to argue that in detail, of course, and add such illustrations as you may see fit, but the subject matter must be followed -- must be called to attention in the record.

MR. MC CORMACK: In that event, Mr. Chairman, it is a little bit ambiguous to me. I have a brief here which we expect to file and it contains a great many pages. I did not want to burden the meeting this morning with reading this entire brief. It contains matter very likely which has not been commented on in the hearing here. It is, however, facts which have been developed but which have not been thoroughly brought out here, and if we are to be stopped from filing the brief containing those facts I think in that sense we had better present the brief in its entirety in this meeting.

PRESIDING OFFICER GIFFORD: You may do that, if you care, but that is a regulation over/ which we have no control.

MR. MC CORMACK: I will discuss that.

PRESIDING OFFICER GIFFORD: We will give you an opportunity to get it into the record in the right way.

it into the record in the right way.

MR. MC CORMACK: Thank you.

(Witness excused.)

FURTHER TESTIMONY OF CARL F. SPEH,
JACKSONVILLE, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Are you familiar with the usual function of a distributor?

MR. SPEH: I am, yes, sir.

MR. BARKALOW: Does he acquire the naval stores to store and keep, or does he acquire them for shipment in interstate commerce?

MR. SPEH: Well, his ultimate purpose, of course, is to sell. In order to have a stock, a turnover stock, he does buy and hold in readiness to fill any orders which he may accept or any sales which he may make or any sales he has already made and await his steamer or some other form of transportation service to take it away.

MR. BARKALOW: You believe then that was simply a merchandising function and that he does not store in his hands naval stores, say, for one, two or three years as a rule?

MR. SPEH: As Mr. Reese pointed out it is difficult, if not impossible to make a statement as to the length of time that a package may be stored at any one point. I have known cases where there has been a big surplus built up at the demand flow, that the dealer would have a stock of rosin on hand probably for a year, but of course that is not the practice nor does he look forward to such a condition, and he would only do it with the idea of taking advantate of a condition that existed where-

by he could build up a supply at a price lower than what he could move it at later on. But as I stated, he has no consumptive use for that rosin and his sole purpose in the purchase of turpentine and rosin is to resell it to some customer and possibly to some other distributor located away from that point.

MR. BARKALOW: You would feel safe in saying that he was not in any sense a warehouseman, that he acquired the naval stores for the purpose of moving them on in interstate commerce?

MR. SPEH: I would, yes, sir.

MR. BARKALOW: Is there as a rule any customary change in the form of the package in which it is received from the producer-processor?

MR. SPEH: The rosin -- the contents of the rosin package is not transferred from one package to another except in extremely rare cases of deterioration or spoilage of the package, making it necessary to provide another package to make shipment possible. The turpentine -- the handling of turpentine varies. The turpentine may be received at the concentration point in either a wooden barrel, a metal drum or a tank car. The barrel is inspected for its condition to withstand subsequent shipment, and also to cage the package -- the volume of turpentine in the package. If the package is suitable for reshipment it is prepared for such shipment by either removing or adding sufficient turpentine to make what is considered as a handling package.

The same is true of the drum. Occasionally it develops that in the handling of the package of turpentine, leaks develop, therefore it is necessary to remove the contents to some other barrel which will stand the shipment.

Tank car turpentine may come in and be put into a large storage tank for an unknown period. It may come in in tank cars and be put into a storage tank for the purpose of convenience in packing it, or loading a steamer for export. Possibly that steamer is then in dock, and the equivalent volume of turpentine you might say, merely passes through the tank.

The turpentine going into the tank, of course, immediately mixes with that volume of turpentine then in the tank, and particular turpentine has lost its identity as to the particular turpentine.

On the other hand, of course, it is the volume in which that man is interested.

MR. BARKALOW: Then that same turpentine may be drawn from that tank the same day and passed -- moved on, or it may stay a week and part of it be moved on and it becomes inexplicably comingled and you could not say what part of that turpentine might stay a week and what part of it moved out of there the day it was received, could you?

MR. SPEM: We could not, and because of any possible deterioration it is a practical matter with all public warehouses or anyone handling turpentine in storage tanks to have the turpentine flow in and out as rapidly as possible in order to keep it fresh.

MR. BARKALOW: Now can you tell something of the way in which a distributor acquires his naval stores? If that is in the brief I won't press the point.

MR. SPEM: Yes.

MR. BARKALOW: Does he buy from the processor-producer through the factor, sometimes direct? Can you, for example, trace the movement of the naval stores from the still to the dealer?

MR. SPEH: The dealer acquires his naval stores in either of two ways; either by direct purchase from the processor or by purchase from the processor through the commission man, the factor, or in some cases, a broker.

MR. BARKALOW: How is the shipment done, through the processor-producer to the distributor-dealer? Is it carried in by truck, is it all consigned through the agency, or is it sold direct to the dealer?

MR. SPEH: If the dealer is buying direct from the producer he is very apt to buy direct from the producer's still, where it is turned over to the distributor at that point.

If, on the other hand, he is buying through some one else acting as sales agent, whether that agent be a broker or a factor, it is very apt to be moved into some one of the concentrating points from the interior.

MR. BARKALOW: In a direct movement, what is the trade business custom as a rule, is it by sight draft bill of lading, or is it by cash or is it by a credit sale?

MR. SPEH: I think in general it is a sight draft transaction, although I would much prefer having somebody actually engaged in such transactions reply to that.

MR. BARKALOW: Have we a dealer-distributor here who would care to discuss that function?

PRESIDING OFFICER GIFFORD: Mr. Theus. Mr. Theus has been previously sworn.

FURTHER TESTIMONY OF CHARLES T. THEUS
FARIE NAVAL STORES COMPANY, INC.
SAVANNAH, GEORGIA.

(The witness was previously sworn by the Presiding Officer.)

MR. BARKALOW: What is your company, please?

MR. THEUS: Farie Naval Stores Company.

MR. BARKALOW: You are distributors?

MR. THEUS: Yes, sir.

MR. BARKALOW: Can you tell us some of the business methods or something of the business practices and methods when you buy from the still and when you buy through a factor?

MR. THEUS: I think that some of these transactions are handled differently from others. We have one interior connection where we take quite a large amount from one producer and we buy it on so much off, 2.80 on rosin and so much off on turpentine, off his shipping receipt, but it is all shipped to Savannah and Jacksonville. That is our arrangement with him.

MR. BARKALOW: You supply the transportation?

MR. THEUS: Yes, we do.

MR. BARKALOW: Is it as a rule truck or train transportation?

MR. THEUS: That depends on the location. We sometimes have a more favorable rate by rail than by truck. I think it is about probably 50-50 the way it is hauled in.

MR. BARKALOW: Can you describe this practice when you buy through the factor or through some other agency?

MR. THEUS: The factors receive their shipments from the interior and it is ghe general rule that he offers it for sale over the Board, and we purchase so much for the -- from the factors and it is cash payment within forty-eight hours to the factor.

MR. BARKALOW: You say that you buy from the factor. You mean

that he conveys title to you?

MR. THEUS: Right. He transfers it.

MR. BARKALOW: For himself or for the producer?

MR. THEUS: Well, he accounts to his producer direct. We have nothing to do with his accounts with his producers. We pay for it as it comes in. Sometimes a hundred barrels of turpentine will consist of shipments from eighteen or twenty producers, from different lots and locations.

MR. BARKALOW: Do you know who owns the naval stores at the time the factor transfers them to you? Are they owned by the factor or are they owned by the producer?

MR. THEUS: I presume that the property is really that of the producer, and the factor usually accounts for sales to his producers direct. He is acting for the factor, he is a commission merchant, in other words.

PRESIDING OFFICER CLIFFORD: I think you made a misstatement there. You said he acted for the factor.

MR. THEUS: For the producer, as a general rule. Of course, we are not in the factor business.

MR. BARKALOW: All right, thank you very much.

(Witness excused.)

DR. GOLD: Mr. Brogden.

FURTHER TESTIMONY OF M. L. BROGDEN

(The witness was previously duly sworn by the Presiding Officer.)

MR. BARKALOW: Mr. Brogden, whom do you represent?

MR. BROGDEN: We represent the producers of gum turpentine and gum rosin. We are the factors and I think a good definition is that he is

the trustee under express trust in the handling of shipments of turpentine and rosin which come into the hands of a factor. We handle the receipts for the account of the producer, and not as our own stuff. We do not own the turpentine and rosin. It belongs to the producer who ships it and we are his trustee to dispose of the thing to the best advantage of his account.

MR. BARKALOW: Is that trusteeship set up under a contract between you and the producer?

MR. BROGDEN: As a rule we have what we call a shipping contract, though we handle a good deal of turpentine and rosin from producers with whom we have no definite contract but follow the usual custom of the trade.

MR. BARKALOW: Could we have placed in the record examples of such contracts and agreements, bills of lading and so forth, that are in use?

MR. BROGDEN: We will be very glad to furnish you those documents.

PRESIDING OFFICER GIFFORD: We will have to have four copies of each. You are not prepared to furnish them now?

MR. BROGDEN: Not at the moment, no, sir. I can do it when I go to the office.

PRESIDING OFFICER: You can do it during this hearing?

MR. BROGDEN: Yes, I will be glad to do so. As I understand it, you would like a copy of the shipping contract and a copy of the bills of lading covering typical shipments, that is what I understand you would like to have?

MR. BARKALOW: Yes, and any of the usual forms you use. I believe they are different between Florida and Georgia.

MR. BROGDEN: Yes, the wording of the shipping contract in Georgia is different than it is in Florida. In Georgia they call itdeed to secure

debt which carries with it the shipping contract. In Florida we call it a mortgage and shipping contract.

MR. BARKALOW: And you have a note which goes with each?

MR. BROGDEN: Yes, sir, we take notes which -- we take notes in connection with each of those securities.

PRESIDING OFFICER GIFFORD: These contracts, forms of notes and other papers that have been referred to in this discussion will be identified as Exhibit No. 3 and made a part of the record, and I would like to have you, Mr. Brogden, if you will, furnish those in four copies so that we can have them for the close of the hearing.

MR. BROGDEN: I will be very glad to do that.

PRESIDING OFFICER GIFFORD: Thank you.

(Said documents, submitted by Mr. Brogden, were marked "Exhibit No. 3", and are attached to this record.)

MR. BARKALOW: You do not take title to the naval stores, do you?

MR. BROGDEN: Well, we can convey legal title and under the custom of the trade we assume we have the legal title. We do convey the legal title, and I am quite sure we have legal title to it. But that is for the purpose of making a transfer to our purchaser. We are really the agent of the producer.

MR. BARKALOW: Equitably the title is in the producer?

MR. BROGDEN: Yes, sir, subject to our lien, of course.

MR. BARKALOW: You store the naval stores when they come to you for sale?

MR. BROGDEN: Receipts of naval stores in Jacksonville go into the terminal on the docks and are placed in storage there, and probably we will sell those receipts tomorrow or the day after, unless we have

instructions from the producers to hold for certain reasons, and we usually comply with his instructions to either hold or sell.

MR. BARKALOW: You say they are received at the terminal on the docks. When you say you sell you sell to the distributor?

MR. BROGDEN: Practically all our receipts are sold to the distributor.

MR. BARKALOW: He takes title when on the docks in the terminal?

MR. BROGDEN: Yes, we issue him a transfer order which confers title upon him.

MR. BARKALOW: Do you know what he does with the stocks at that time? Are they often shipped right from the dock at the terminal, or are they carried over to his plant or warehouse, do you know?

MR. BROGDEN: In most cases they are shipped from the terminal. He very seldom moves them from the terminal to some near by place. The shipper loads up the cars and supplies these demands as a rule directly from the point at which delivery as purchaser was made. That is my understanding of the majority of the handling.

MR. BARKALOW: I thank you very much.

(Witness excused.)

MR. BARKALOW: Any other questions, gentlemen?

PRESIDING OFFICER GIFFORD: Any further discussion of this definition?

DR. GOLD: Yes. Mr. Speh, are domestic sales of turpentine made from the same tank that interstate or foreign shipments are made from?

MR. SPEH: I am not sure what you mean by domestic sales. By domestic sales we in the trade refer to sales within the United States.

DR. GOLD: My term was wrong. I meant intrastate sales.

MR. SPEH: Oh. I think that the reply to that would be that the pro-

ducer when purchasing the turpentine or rosin in general does not know whether that particular lot of rosin or that particular barrel of turpentine will move foreign or interstate, or whether he might have a sale for a single barrel of turpentine locally, but he would draw upon his stock. If it came out of storage tanks it would come out of the storage tanks that other turpentine would come out of that was going foreign or interstate.

DR. GOLD: You would say in this case, in the nature of the turpentine operations that interstate and intrastate commerce were inexplicably intermingled, would you?

MR. SPEH: That would be my idea, but I learned a long while ago not to attempt to say it.

PRESIDING OFFICER GIFFORD: Any further discussion of this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up No. 21, which defines the term "factor". Is there any additional explanation?

MR. SPEH: I think the definition of "factor" has been explained by the statement of Mr. Barkalow.

PRESIDING OFFICER GIFFORD: Any further discussion of this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up No. 22, defining the term "to ship".

MR. SPEH: At this point, Mr. Chairman, we ask leave to propose some amendments to be inserted, the first amendment of which will be known as paragraph 22, to replace this paragraph, and these paragraphs that I

might say are now numbers 22, 23, 24 and 25, to be renumbered so as to read 24, 25, 26 and 27, and we propose introducing two new paragraphs for 22 and 23.

PRESIDING OFFICER GIFFORD: You have four copies of the proposed amendments?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: The proposed amendments will be admitted and identified as exhibit No. 4 and made a part of this record.

(The amendments referred to, submitted by Mr. Speh, were marked "Exhibit No. 4", and are attached to this record.)

MR. BARKALOW: Would you care to explain and discuss these, Mr. Speh?

PRESIDING OFFICER GIFFORD: Yes, certainly.

MR. SPEH: As to paragraph 22 I think I should read it.

"The term "subsidiary" means any person, of or over whom a contracting processor handler has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner."

This definition has been in the marketing agreement and in the license and we believe was inadvertently omitted, and that it ought to be restored and reinstated.

PRESIDING OFFICER GIFFORD: You have heard the proposed amendment, being the definition of the term "subsidiary". Is there any discussion of that amendment?

(No response.)

PRESIDING OFFICER GIFFORD: If not, what is your next amendment?

MR. SPEH: Insert paragraph 23, reading:

"The term "affiliate" means any person who has either directly or indirectly actual or legal control of or over a contracting processor handler whether by stock ownership or in any other manner."

Here again the term "affiliate" was given in the official license and amended license and in the marketing agreement and we believe was inadvertantly omitted from the act, and we ask that it be reinstated.

MR. BARKALOW: Mr. Speh, what use do you expect to make of those in the agreement?

MR. SPEH: Later on in determining the ability to produce the allotment, we provide that affiliates or subsidiaries may combine and consider their combined ability. We also permit of the transfer of the tags from one affiliate to another, in the event that one affiliate finds he cannot use the tags given him under his allotment. That naturally has to follow if you are going to consider their combined ability to produce.

MR. BARKALOW: They will be discussed then at the point they are referred to in the agreement?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Does anyone else desire to ask any questions or object to this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will now take up No. 24, being the item as to the term "to ship" and as renumbered, and which appears in your copy as number 22.

MR. SPEH: This is the usual term "to ship" and is defined to cover all methods of transportation.

PRESIDING OFFICER GIFFORD: The term "to ship". Any question or objections to this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up paragraph No. 23, renumbered paragraph No. 25, defining the term "to market".

MR. SPEH: This definition is meant to include all methods of conveying title through the medium of sale or consignment.

PRESIDING OFFICER GIFFORD: Any questions or objections to this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, take up the next one.

MR. SPEH: No. 24 becomes paragraph No. 26 as renumbered, and merely refers to the term "Control Committee".

PRESIDING OFFICER GIFFORD: Any questions or objections as to this definition?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up the next definition.

MR. SPEH: Paragraph 25, becomes paragraph 27 as renumbered and merely refers to the use of the term "Agreement".

PRESIDING OFFICER GIFFORD: Any objections or questions concerning this definition?

MR. BARKALOW: Mr. Speh, my attention was diverted away for a moment. Definition 25, "to market" and definition 24, "to ship", you say were in the agreement and license that has been in existence?

MR. SPEH: Yes.

MR. BARKALOW: There was no objection raised to them and they

proved out to be workable definitions?

MR. SPEH: We have had no trouble in the use of those words in carrying out the definitions in the agreement.

PRESIDING OFFICER GIFFORD: Is there anyone who desires to suggest any additional definitions?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we are going to have a few minutes intermission.

MR. MC INTOSH: Mr. Chairman, I would like to call your attention to one point; there was some discussion as to a definition of producers. That would seem to be very necessary, because in turning to page 19 of the proposed agreement under article VI, Effective time and Termination, in paragraph 3 of section 2 it seems that this agreement would not be terminated by a vote of the handlers, but would require a vote of 50 by volume by the producers.

In other words, it would appear that under this agreement it is contemplated that a 50 per cent vote of producers would terminate the handlers agreement, so it would be absolutely necessary to define "producers".

MR. BARKALOW: Mr. McIntosh, don't you feel by the definition in section 4 that they are engaged in the production or marketing of naval stores and does not that clear up the thought that they might be gum prpducers?

MR. MC INTOSH: I should think it would be sufficient.

MR. BARKALOW: But do you still feel we should define the producer as a producer of naval stores?

MR. MC INTOSH: As a producer, because by his vote they terminate the handlers' agreement.

MR. BARKALOW: I think that is a good point, because there is elsewhere a mention, I believe, made of gum producers and the two I take it should be distinguished.

PRESIDING OFFICER GIFFORD: Before having the intermission I desire to state that upon resuming our hearing after the intermission, so that you may have the benefit of it during the intermission, we will take up Article IV of this proposed marketing agreement.

I desire also to state for the benefit for those who may have come in late, that the consideration of each article and the evidence produced upon each article of the proposed marketing agreement is also considered as the evidence affecting that similar article in the proposed order which appears in the back of the document or pamphlet which you have.

We will have a ten minutes intermission.)

(Whereupon a ten minutes recess was taken.)

PRESIDING OFFICER GIFFORD: The meeting will come to order, please.

FURTHER TESTIMONY OF J. H. MC CORMACK

MR. MC CORMACK: Mr. Chairman, I would like to file four copies of the opposition of the Steam-Solvent Naval Stores Industry to the proposed agreement between naval stores handlers and the Secretary of Agriculture, to be discussed at a formal hearing at Jacksonville, Florida on October 31, 1935, and ask that it be made a part of my testimony.

PRESIDING OFFICER GIFFORD: The brief will be identified as exhibit No. 5, and ordered made a part of Mr. McCormack's evidence, and become a part of the record.

(The brief, submitted by Mr. McCormack, was marked "Exhibit No. 5," and is attached to this record.)

DR. GOLD: Mr. Chairman, I would like to request, if I may, that two people who I think can give some valuable information in regard to subjects that were discussed while they were away are now here, and if it is permissible, I would like to ask them to testify at this time.

PRESIDING OFFICER GIFFORD: Very well, you may call them if you wish.

DR. GOLD: I would like to call Mr. Tennent in the first place.

FURTHER TESTIMONY OF G. R. TENNENT.

PRESIDING OFFICER GIFFORD: I suggest, Doctor, before you start your questioning, you identify him as having testified before in the hearing.

DR. GOLD: Yes, Mr. Tennent has testified before, I believe.

Now, Mr. Tennent, as a producer in the sulphate industry of naval stores, would you discuss the actual and potential production of rosin by that group as you are familiar with it?

MR. TENNENT: In the manufacture of sulphate pulp the wood contains approximately 2 per cent of rosin and when this rosin is cut with caustic soda it is modified and in the waste that comes from the refuse this rosin is in suspension, and it is allowed to stand for evaporation, after it has been concentrated.

After that it is removed and the satonification taken out either with an acid sulphate or sulphuric acid and then it becomes liquid acid which can be concentrated into acetic acid.

That can be accomplished in a number of ways, one of which is by fractionation, and in a 100 ton mill we expect to recover about 12,000 to 15,000 pounds of liquid rosin. This would give you with the turpentine about a ratio of 1 to 7, or about 1 to 8.

DR. GOLD: You mean 8 barrels of rosin with one barrel of turpentine?

MR. TENNENT: That is correct. There would be 15,000 pounds, so there would be 30 barrels and from 4 to 6 barrels of turpentine from a hundred ton mill.

DR. GOLD: Can you tell us something about the actual production of rosin by this group at present?

MR. TENNENT: Today there are two concerns that are commercially selling their products, and there are several other concerns that buy the rosin soap and refine it.

DR. GOLD: Will you tell us the names of the producing firms of that rosin today?

MR. TENNENT: The Champion Paper Company at Canton, and the West Virginia Pulp & Paper Company of Covington, Virginia.

DR. GOLD: Have you any information with regard to the potential production within the next year by this method?

MR. TENNENT: Not without figuring the total tonnage, but somewhere in the neighborhood of a thousand tons a day.

DR. GOLD: Can you give us a figure on the actual production of such rosin at present?

MR. TENNENT: I really do not know. It is more or less in an experimental stage at this time. Mills of 100 tons capacity will run 30 barrels. 100 tons a day would be 30 barrels a day.

MR. NEWTON: Can all the other mills do the same thing?

DR. GOLD: Mr. Tennent, I wonder whether I might ask you another question?

MR. NEWTON: Or is there a not in it?

DR. GOLD: I would like to ask you the question whether other sulphate mills other than the ones you have mentioned who are now producing the rosin, can do it or are contemplating doing it?

MR. TENNENT: We have not really produced it commercially, but we are now planning to take the output of several other mills and work it up in conjunction with northern capital.

DR. GOLD: Mr. Wickersham from Pensacola, I believe you would like to offer some testimony at this time.

PRESIDING OFFICER GIFFORD: You were not sworn before, were you?

MR. WICKERSHAM: No, sir.

PRESIDING OFFICER GIFFORD: You will be sworn, please.

TESTIMONY OF H. E. WICKERSHAM
Factor
PENSACOLA, FLORIDA

(The witness was duly sworn by the Presiding Officer.)

DR. GOLD: Mr. Wickersham, are you a factor?

MR. WICKERSHAM: Yes, sir.

DR. GOLD: You are situated at Pensacola, Florida?

MR. WICKERSHAM: Yes.

DR. GOLD: You were, I believe, absent at the time there was a discussion of the probable production in 1936. I wonder if you care to give us the benefit of your opinion on that subject?

MR. WICKERSHAM: I really do not think I am qualified to give figures that are based on much judgment, I not being in the big producing area and not having been here when it was discussed, and not having those figures before me, as some of you people in the eastern section have.

However, I feel sure that the increase that can come in our territory would be very easily 10 to 15 per cent of stuff now available, at

much less cost than the price I understand they are paying in Georgia and the other part of the territory, and thus running the crop up to 600,000 barrels based on those figures.

That is about all I know about it, and I think as has been said, that is purely a guess only as to the western part, and I feel sure it would stand the increase, or more, if it had the money to go ahead and take the available timber.

It has all come about by the fact that every fellow wanted to increase his so-called allotment next year.

PRESIDING OFFICER GIFFORD: At this time if you will turn to page 11, Article IV, we desire that the record be made on that article next.

This article contains 5 or 6 different subjects; first, the volume to be marketed; method of limitation of marketing of gum naval stores; method of limitation of marketing of wood naval stores; method of allotment of gum naval stores; and method of allotment of wood naval stores.

Section 1 refers to the volume to be marketed. I wish you would discuss that, if you please, Mr. Speh.

MR. SPEH: Paragraph 1 of this section has as its purpose the setting up of the total number of barrels of turpentine and the total number of barrels of rosin which are to be marketed for the calendar year 1936.

The volume of turpentine to be marketed is then divided into two groups; the gum turpentine to be marketed and the wood turpentine to be marketed.

The determination of the volume to be marketed depends entirely upon information furnished the secretary in the form of statistical data or such information as may develop from the probable requirements during the year 1936.

The Control Committee has religiously avoided setting any figure in mind as to the volume to be marketed. It feels that the statistical position of rosin and turpentine at this time is extremely strong.

Stocks on hand on January 1, or rather December 31, 1935, will probably be not far in excess, if any in excess of the stocks at the same date the year previous, which would indicate that the total production for 1935 of both gum and wood naval stores had been absorbed.

It feels that the business conditions will be fully as good as they did in 1935, and therefore we would feel justified in the belief that there would be at least an equal volume consumed in 1936.

Exports have somewhat increased. A continuation of this increase would indicate that we could count on a slight increase in the demand from foreign countries. Of course, there are many considerations to be borne in mind on this export demand, and a reference in the marketing agreement to the subsidy under section 32 will bring up the discussion as to the need of help in meeting foreign competition.

We have every reason to believe that the domestic consumption will be fully as good as this year. We bear in mind the fact that in spite of stocks being distributed in the hands of a large number of consumers, the distributors and producers, that by far the largest part of the stock is held under the Commodity Credit Corporation Loan, and it appears that when the maturity date of the notes under which these loans were made is reached, namely, March 31, 1936, that all of this rosin and turpentine, or at least what is left unsold, will have passed into the hands of the Commodity Credit Corporation, so we will have a single holder of this large body of stocks.

We would hope naturally, for an orderly marketing as possible

on this volume, but we do realize that the character of marketing will be dependent upon the rate of deterioration of the packages and the probable strength of the market, and so it is our recommendation that the crop for 1936, the combined volume for marketing of gum turpentine and wood rosin and wood turpentine be set at something in excess of the crop in 1935, which was 455,000 casks of gum turpentine and I believe 95,000 casks of wood turpentine.

I should have said previously there was gum turpentine and wood turpentine.

PRESIDING OFFICER CIFFORD: Any questions?

DR. GOLD: Do I understand that last year's supply of gum wood turpentine was 525,000 as set up under the actual allotment in 1935 program?

MR. SPEH: That is my recollection, being the allotment on gum and wood turpentine, and 545,000 casks of gum and wood turpentine.

DR. GOLD: Do you remember what the total was on rosin?

MR. SPEH: No, I do not.

DR. GOLD: Will you have that in the brief you are going to submit?

MR. SPEH: Yes, sir.

DR. GOLD: You mentioned a figure somewhat in excess of this amount. Now what did you mean by that?

MR. SPEH: Well, I was talking, I must admit, in general terms. I have nothing definite in mind beyond the feeling that inasmuch as we had apparently consumed all of the volume produced this year or at least apparently we would consume all that was produced this year, and bearing in mind that the volume produced would undoubtedly be in excess of the volume

set up under the allotment basis, it would be very readily apparent that we could afford to allot a volume in excess of that which was alloted this year.

DR. GOLD: Have you, or the other members of the Committee, in mind any specific figure in regard to the possible allotment for 1936?

MR. SPEH: The Committee has not arrived at any figure. There was just merely a general discussion, but no one felt free to even suggest a figure other than the feeling that it would not need any curtailment.

DR. GOLD: What figure would you give as the possible carryover as of December 31, 1935?

MR. SPEH: I would say that the carry-over of gum spirits of turpentine would probably be something under 175,000 casks of turpentine in this country, with probably a carry-over in London, which is necessarily included, of about 5,000 casks. I do not know the latest carry-over figures or the latest stock figures of the wood turpentine, but I am under the impression there has been a decided decrease in their stock.

But from everything we have heard they are still far ahead, so it would indicate it would not be greatly over the wood turpentine.

DR. GOLD: In regard to the present stock, I believe there is in the neighborhood of 185,000 barrels of turpentine and around 848,000 barrels of rosin available at least in the United States, in all commercial distributing points. Is it contemplated that the allotment for 1936 should seek to reduce the total amount of the carry-over?

MR. SPEH: I think it would be highly desirable to continue a program which would continue to stress our statistical position. During the past two years we have undoubtedly done fine. It probably has not been

fully accomplished, however. That is, we are not yet in a position when we can expand with the idea of acquiring stock to supply demand, but it would appear that at the rate of decrease now we could absorb a crop fully as big as this year's.

DR. GOLD: Do you contemplate, if an allotment of that sort for marketing were made, that there would be any reduction in the total carry-over?

MR. SPEH: I would have to base such a belief on the belief that there would be an increased consumption in the year 1936 and over this year, both foreign and domestic, and I believe that will be found to be the case.

DR. GOLD: Have you given any thought to the problem of what is an adequate merchandise carry-over in the naval stores industry?

MR. SPEH: I would suggest that Mr. Lockwood who has given considerable thought to this and several times in the past has made statements based on his analyses, be asked that question.

PRESIDING OFFICER GIFFORD: You have been previously sworn?

MR. LOCKWOOD: Yes, sir.

PRESIDING OFFICER GIFFORD: Proceed.

FURTHER TESTIMONY OF J. L. LOCKWOOD.

DR. GOLD: Mr. Lockwood, I am interested in trying to see what in your opinion is an adequate merchantable carry-over for the industry as of the beginning of the year, in other words, January 1 of the calendar year.

MR. LOCKWOOD: I have no data compiled for the figures in connection with the beginning or ending of the calendar year.

I can only speak of the crop year, and the carry-over at the close

on March 31 last, which was on March 31, 1933. That is the only date for which I have any figures or would care to express any opinion.

DR. GOLD: I wish you would state that.

MR. LOCKWOOD: As of the close of the crop year I have stated, as a result of what studies I have given the subject, that I consider a normal carry-over of turpentine in the United States, including the stocks at or billed for London, 125,000 barrels. I consider the normal stock of rosin at all points in the United States is not less than 500,000 or more than 550,000 barrels.

DR. GOLD: You were speaking there of the actual stocks, were you not?

MR. LOCKWOOD: Yes, as reported in the 1934-35 annual report July 31, at Washington.

DR. GOLD: Have you given any thought to the problem as to the problem of whether those included large quantities of sold stocks?

MR. LOCKWOOD: I have considered that where the title in the stock rested is of no importance whatever as to determining what is a normal carry-over. That all stocks available for consumption, whether in the hands of the producer or the middleman or consumers, are the determining factor, and the question of where the title is is not germane to the question of the normal carry-over.

DR. GOLD: Have you in mind some figures that you would like to discuss as to a normal carry-over?

MR. LOCKWOOD: I have already stated that I consider a normal carry-over in the United States of turpentine to be 125,000 barrels, and that I would consider the normal stock of rosin at all points in the United States as 550,000 barrels. Anything beyond those figures I would consider a surplus.

MR. NEWTON: I would like to ask Mr. Lockwood in his opinion what he thought --

PRESIDING OFFICER GIFFORD: Mr. Lockwood, just one more question, please. State your question so that Mr. Lockwood can hear it.

MR. NEWTON: In your opinion what will be the stocks of turpentine and rosin as of April 1, 1936?

MR. LOCKWOOD: I have no opinion, and I would not care to form one until after I could get the most complete and authoritative information possible on which to base an opinion.

PRESIDING OFFICER GIFFORD: Thank you, Mr. Lockwood.

MR. SPUH: Mr. Chairman, I wonder if you would ask Mr. Lockwood what he would estimate to be the difference in the required normal carry-over as of January 1, compared with that of April 1, having in mind that the stock on January 1 must supply three lean producing months, whereas the stock as of April 1 is on the threshold of a new crop.

PRESIDING OFFICER GIFFORD: Do you desire to answer that question, Mr. Lockwood?

MR. LOCKWOOD: I would believe that the stocks as of December 31 during any crop year should be normally lighter than at the close of that crop year the following March 31, to supply the normal difference between consumption during the first three months of the new year, and the small production that would be available to supply it; but from what studies I have given the subject of the relative size of the stock on December 31 and at March 31, I have found there was no definite relation. I have found that in some years the decrease in that period was very great and in others very small. The consumption is not at all uniform during all months of the year, and the first quarter of some years may be very much

heavier than the consumption in other quarters of the year, even though the crop as a whole shows the same total consumption.

DR. GOLD: Thank you.

Now Mr. Speh, you mentioned the possibility, or as the recommendation of the Control Committee, that the allotment of 1936 be somewhat in excess of the allotment for 1935. What did you have in mind in regard to the total naval stores industry, that is to say including both the wood and the gum?

MR. SPEH: I would only be expressing the prevailing opinion. I would recommend that serious consideration be given to the setting the crop of gum naval stores at something around 475,000 to 500,000 units, and with the volume of wood turpentine being in its usual proportion that it bears to the total production of turpentine.

DR. GOLD: In other words, in regard to turpentine you contemplate something in the neighborhood of 525,000 to 625,000 barrels of turpentine?

MR. SPEH: On that basis those figures would be approximately correct.

DR. GOLD: Have you calculated the approximate equivalent of rosin assuming that the ratio for the wood crop is about 5 to 1?

MR. SPEH: I have not, no.

DR. GOLD: Could you make that calculation and enter it in the record as the total possible rosin production in 1936?

MR. SPEH: I will.

DR. GOLD: You contemplate such a program will include all parts of the industry, that is to say, all areas which are processing and shipping naval stores, and all processors of naval stores?

MR. SPEH: We do. They are so intertwined and their products could

be used in the same industries and in the same territories, that there is no means of distinguishing or arriving at any difference in value between any rosin or turpentine produced in one section as against another section, other than its geographical location, or any advantage given to it as a result of freight rates. Therefore we would have to include the entire producing area in any marketing agreement, nor would it break that area down into various sections, nor would it be feasible.

DR. GOLD: Can you conceive of its being possible to build up a program of this type and exclude some groups, or some processors or some branches of the industry?

MR. SPEH: I think it is generally accepted that the products of the two groups, we will say wood turpentine and gum turpentine are particularly -- practically interchangeable. They are in direct competition with one another and the same is true in general of the rosin. Therefore it would be useless to try to attempt the regulation of the volume of marketing in one of these two groups and not regulate the volume to be marketed by the other; and likewise it would be impracticable to try to regulate any portion of any one of the groups without regulating any other group.

DR. GOLD: What situations do you have in mind if such an attempt were made?

MR. SPEH: If you attempted to regulate one portion within the group the remaining portion could break down all the restricted production, and those being regulated would lose all the benefit they would have as the result of restricted production. While that would be true in the one group it would be equally true considering two groups or all groups.

That is to say, if you were to attempt to -- attempt regulation or restricted production or a limited volume of marketing, limit the volume

that could be marketed in any one group and allow the other group unlimited marketing that would overcome all the benefits to be derived from such limitation.

MR. GOLD: Mr. Speh, while we are on this subject I would like to ask you, as no doubt you know, under Section 8-c-11 of the Act, no order is supposed to affect the entire geographical district if it can be broken down into subgeographical districts. I would like to ask you a question with respect to that type of a breakdown. Do you feel that you could not effectively regulate this industry by a series of orders applicable only in geographical subdivisions instead of one order to take in the entire naval stores production region?

MR. SPEH: I do not feel that such a breakdown would be practicable. In fact I think it would be impracticable, if by such a breakdown you would omit certain sections. If you merely subdivided and then had similar orders issued over the various subdivisions it would merely make for increasing the cost of administration and nothing would be gained, and there might be conflict of authoritative administration, let me put it that way.

MR. BARKALOW: Do you feel that to carry out the Act effectively, it is necessary to have one order apply to all of the production area?

MR. SPEH: Yes, sir. I will even go so far as to say that it would be useless to attempt to carry out a system of orders which did not cover the entire producing area.

MR. BARKALOW: Now, I would also like to ask you at this point something with respect to why you have picked the calendar year. Is that a truly representative marketing year?

MR. SPEH: It is. Industrial inventories are usually taken as of the end of the calendar year. Stocks in the hands of consumers are more

readily available as of that date; stocks in the hands of consumers are of vital importance. It is just as easy to determine inventories on the yards and in public warehouses than in the hands of distributors as of December 31st, as it is of March 31st, and so that is the date we adopted.

As to the stocks in the hands of the processors it is recognized now that he is cleaning up his season's production earlier than was usual in the past, and we find them more and more bringing their production to a close as of December 31st. He is bringing inall of the gum from the woods which has been produced as a result of the current season's operation, and so there seems to be no difficulty in setting it at the end of the calendar year as far as the processor is concerned.

The season starting the first of April was the outgrowth of the original practice whereby all boxes had to be cupped, because cupping was the original receptacle for the collecting of the gum, and it took quite a large number of men to cup several crops, and therefore they have to finish their preparation for the new season. Therefore, we must recognize the fact that there has been a change accrued in the industry which more easily adapts it to this calendar year.

The surveys of receipts indicate that the receipts during these earlier months are rather more or less changed and are varied for certain parts of the territory from some other part of the territory, and they also vary with the year, but in general the variation is small and the total volume does not materially affect any statistics.

MR. BARKALOW: You understand that under Section 8-c of the Act that the limitation of marketing is expected to be set also for a specified period. That is to say, a specified production time and a specified marketing time. Do you also feel that the calendar year is the correct time which

should be set in which the limitation should be put upon the marketing?

MR. SPEH: Yes, sir.

MR. BARKALOW: Can you explain why that is appropriate as a year for marketing?

MR. SPEH: I think the same explanation would fit in. The determination of the volume for marketing is based upon statistical information, and that is influenced largely by the rate at which we have had absorption during the previous year, or the year previous to the year in which you are considering making the -- making your contracts and the probable inventory at the end of the year. Those figures I believe are much more readily available if you fit in your case with the usual practice of the industry.

MR. BARKALOW: I might suggest, if there is no objection, that the title of Section 1 which we are now discussing be amended by having the word "volume" changed to read "Total quantity of naval stores" simply in order to fit the wording of the Act without changing the sense of that provision, but simply changing the title of it.

MR. SPEH: That is to have it read "total quantity of naval stores to be marketed"?

MR. BARKALOW: That is right. Do you perceive an objection to that change in the title?

MR. SPEH: No, sir, I think it would clarify it.

MR. BARKALOW: I assume you are speaking not only for yourself but for the proponent group and as secretary for your group?

MR. SPEH: Well, I am not attempting to speak for myself, because personally I have no official standing other than which I acquire as an employer of the group.

MR. BARKALOW: Mr. Newton, you have no objection to that change, have you?

MR. NEWTON: No objection, but for the record I would like to say that Mr. Speh as secretary of the Control Committee is merely presenting this in behalf of the Committee, and the remarks he is making are on behalf of the Committee and if we happen not to agree with him we will so assert ourselfes.

DR. GOLD: Mr. Speh, do you contemplate that the limitations to marketing referred to in this section, will refer to all interstate and foreign shipments?

MR. SPEH: I do, yes, sir.

DR. GOLD: Do you feel that any areas could be excluded that is to say, that the limitations need not apply to all areas?

MR. SPEH: The reason I hesitate is that I would much prefer having someone else discuss that feature involved in the possible redistribution of naval stores in interstate or foreign commerce in such northern sections as Chicago, New York, Boston, or Philadelphia. That is a matter I have given very little consideration to, and if you ask me the straight question as to the exemption of territory, and you bring in the discussion of handlers and you involve the distributors, why, frankly, I am not just sure what ground I do stand on.

DR. GOLD: I was trying to develop possible inadequacy with reference to the areas included in the proposed marketing agreement. As we read the agreement it appears to us that it is desired that all shipments made in interstate or foreign commerce from those producing points should be limited in the 1936 situation. Is that correct?

MR. SPEH: Yes, sir.

DR. GOLD: Do you have any feeling that any of the shipments made from the producing areas could be excluded and the limitations not apply to those areas?

MR. SPEH: No, sir. I see no way of enforcing the restrictions if you do exclude or make any exemptions.

DR. GOLD: Is that purely from an administrative point of view that you think it is inadvisable?

MR. SPEH: Not only from an administrative point of view, but I see no way of distinguishing between a package which is destined to go interstate or foreign commerce from one which may go intrastate.

MR. BARKALOW: Would you say, Mr. Speh, that it was necessary to do that in order to effectuate the policy of the Act?

MR. SPEH: I would, yes, sir.

DR. GOLD: I would like you to develop, Mr. Speh, in what way you expect that the proposed limitations you have in mind will not carry out the declared policy of the Act.

MR. SPEH: As I understand the declared policy of the Act it is to adjust the volume available with the consumption and thereby gradually restore to agricultural commodities a price more nearly in line with the price on commodities which those producers or processors buy.

I think it has been very clearly demonstrated that a volume made available in excess of consumptive demand will result in a price below that price which the farmer or the processor of naval stores will require to approach his parity price, and therefore it is necessary that we restrict the volume to be made available for marketing as is permitted to us under the form of an agreement or order. So by restriction we do adjust the volume to the amount of the consumptive demand.

MR. BARNALOW: Mr. Speh, I assume facts will be presented in the form of a brief?

MR. SPEH: Yes, sir.

MR. BARNALOW: With respect to the prices that you have mentioned, parity price, and which will also indicate that what you are attempting to do will not create too rapid a rise in the price to break down the consumer's interest?

MR. SPEH: We would include in our brief a statement to that effect.

DR. GOLD: Off the record, please, Mr. Reporter.

(Discussion followed off the record.)

PRESIDING OFFICER GIFFORD: Is there anyone who would care to discuss this proposition further?

MR. MC INTOSH: I would like to ask a question for enlightenment, more than otherwise.

Under this marketing agreement it appears to me, and if I am mistaken I want to be enlightened, that the handling of crude gum, the shipment of crude gum in interstate commerce apparently is not in any way prevented.

I would therefore like to ask this question, if I may, of Mr. Speh, that if the large producer of crude gum in the south shipped crude gum in its raw state to New York, and if it was there distilled by the buyer into turpentine and rosin and sold within the State of New York, whether there would be any provision to control it?

Or, if that crude gum was shipped to a manufacturer in the north, and that manufacturer in the north used that crude gum in his manufactures or processes the same situation would apply, because unless that

is the case and that is controlled, a great many of our processors would immediately become nothing but crude gum producers, and it would take down the bars altogether, and any quantity of naval stores would be produced and sold because in each state crude gum would be shipped there and converted for use within that state.

PRESIDING OFFICER GIFFORD: Will you discuss that, Mr. Speh, please.

MR. SPEH: Frankly, I do not know as I am able to discuss it.

We have a case of a man producing crude gum and he decides he is going to ship that crude gum to New York. The first problem involved is the cost of doing it. It might take the rosin rate. When it goes out it has quite a bit of water in it and it has the dark trash and so forth. If he decides to ship it in that condition, of course, his cost on the gum delivered has gone up. If, on the other hand, he decides it is not feasible to do it that way, both because of the cost and the possible deterioration of the gum, and he effects a separation of any kind or treats it /in any manner, he becomes a processor under this definition and therefore would be regulated by it.

If on the other hand, he decided he would ship that car of gum north with its dark trash and pieces of dirt and straw in it, that not being naval stores under our definition, I do not see how we could regulate it.

On the other hand, as soon as it arrived up there this man, the processor, would have to process it. It is not processed, I will admit for the purpose of obtaining turpentine and rosin. He is interested in the turpentine and interested in the rosin, of course, and it is possible that there are products in which he could use these two common products together, and possibly a method could be devised to produce a varnish or some form of protective coating whereby he would use the same

percentage of rosin and the same percentage of turpentine as they naturally occur in the gum, and therefore he would only be interested in the chemical treatment and not in effecting a separation. I think it is possible that that could be done.

I do not know of any instance of this kind of a product that would fulfill those conditions in the handling or selling of that gum.

In that manufacturing plant however, frankly, I do not know what his rights would be. That would be up possibly to somebody like Mr. Reese who could discuss the legal phase of it much better than I can.

MR. BARKALOW: Mr. Speh, do you conceive the likelihood of any large movement of the naval stores production industry from the south to New York, Chicago, Seattle, San Francisco and other points in the United States?

MR. SPEH: Not under conditions as depicted by Mr. McIntosh.

MR. BARKALOW: Has there been any tendency up to now in that industry to spread itself out into the consuming centers of the United States?

MR. SPEH: Not in the movement of crude gum, no, sir. There is being developed a marked through movement of the cleaned resin, and that is the reason it is included in these restrictive features.

MR. BARKALOW: I think you have made it clear that the process of getting the uncleaned gum would be rather expensive?

MR. SPEH: Yes, sir.

MR. BARKALOW: And it is clear in your mind that if it is refined or partially refined or cleaned it immediately becomes subject to this agreement.

MR. SPEH: Yes, sir.

MR. BARKALOW: It is also clear in your mind that if such a movement was set up and the crude gum were moving to New York that unless it were

consumed right within the state of New York the processor there would again be subject to this agreement?

MR. SPEH: You say, is it clear in my mind. I would have to say it is not clear in my mind, because a short while ago I agreed to the statement that it was limited to the producing area, and therefore I would have to extend the producing area beyond from the southern states and consider that New York State became a producing area, by making rosin and turpentine out of this crude gum.

MR. BARKALOW: I understood that in answer to the question I asked you, if you thought that several orders divided with a geographical scope would be feasible, that your answer was they would not be, and that this order, as far as the production and marketing went was to extend its scope throughout the United States and its possessions, or as far as the Act extends?

MR. SPEH: Yes, sir, except I did not have in mind at that time anything other than what we have in mind as a producing area, because we do not look upon New York or some other state as within the producing area.

MR. BARKALOW: That is the production of naval stores?

MR. SPEH: Yes.

MR. BARKALOW: But you can conceive of the fact that if the scope of this order in the United States, insofar as the Act extends it, that anyone who processes gum in New York and handled it in interstate or foreign commerce so as to directly affect or burden it would be subject to this order?

MR. SPEH: I can conceive that, yes, sir, and in fact I might add that there have been several attempts to build up a gum naval stores producing industry in such states as California and some of the southwestern states, and should conditions be such that that industry would

again spring up I would naturally infer that they would be brought under this agreement, because that would affect this southern territory.

MR. BARKALOW: Have you noticed any tendency on the part of the south to let its hold on the naval stores production lapse?

MR. SPEH: No, I have not. To the contrary I think it has probably tightened its hold. The efforts made in the western territory to create a naval stores industry have, to the best of my knowledge, failed. As far as I know, we have no timber in the northern states that would be suitable and therefore it would be necessary to move the raw material from these southern producing states.

MR. MC INTOSH: Mr. Chairman --

DR. GOLD: May I ask Mr. Speh a question first?

PRESIDING OFFICER GIFFORD: Proceed, Dr. Gold.

DR. GOLD: Mr. Speh, has it ever been the practice in this industry to ship crude gum?

MR. SPEH: If by shipments you mean as inferred by Mr. McIntosh, the points outside the producing area, no, sir.

DR. GOLD: You know of no cases in which crude gum has been shipped out of the state, or any important attempt to build that up?

MR. SPEH: No important attempt. There may have been some small experimental lots of gum shipped out for chemical experiment and research work, but no important attempt to ship it out.

DR. GOLD: Why, in your opinion, is crude gum not shipped?

MR. SPEH: I think first on account of the cost, because of the very nature of the raw materials. The longer it is allowed to stand in contact with this foreign matter the further it deteriorates.

Furthermore, it is more expensive to store the finished product up north in the more congested communities and manufacturing districts

than it is down here.

DR. VEITCH: Mr. Chairman, I think Mr. Speh is speaking of more recent times.

He realizes, I am sure, that in times back as far as 1840 possibly it was customary to ship a lot of this gum even to England, and a lot went to New York and Boston and was there distilled and so I think Mr. Speh is speaking of what we might call the modern naval stores industry rather than away back there.

It might be well to add, Mr. Chairman, that this changed condition was brought about by the recognized fact that these things could be separated more cheaply here than they could in the north or abroad.

PRESIDING OFFICER GIFFORD: Is there anything further in support of Section 1, Article IV?

MR. MC INTOSH: I am not supporting it, Mr. Chairman, but I would like to have one more word in connection with it.

PRESIDING OFFICER GIFFORD: Any discussion in reference to Section 1, Article IV?

MR. MC INTOSH: As I understood Mr. Speh testified it was not a practical matter to ship crude gum to a northern state to be there distilled , but I desire to testify that it is feasible and that the cost would not be prohibitive. That crude gum could be moved to a northern state and there distilled, and that the difference in freight by so moving it would be a very small percentage of the value of the finished goods; and I further desire to testify that if it is a paying proposition to ship it there, it will be done.

That, I, as a producer of naval stores, if I had a surplus, I would not only ship it but I would solicit shipment if I was within the

law by so doing.

I have not brought this up to bring in any controversial matters but I think and I do believe if we are going to have a marketing agreement there is no use having one where we are not only shipping to the foreign buyers but the whole product to anyone who wants to buy it.

DR. GOLD: You say it is feasible to ship crude gum?

MR. MC INTOSH: I do.

DR. GOLD: Do you know of any commercial undertaking in which that is done?

MR. MC INTOSH: Not at this time.

DR. GOLD: Then why has it not been done?

MR. MC INTOSH: It has not been done because there has been no incentive to do it.

DR. GOLD: Do you mean by that that the price has not been low enough?

MR. MC INTOSH: It is not a question of price, but if a person has a surplus of gum and cannot market it, he will readily ship that stuff out at a very small cost if he can sell it somewhere else, as witness the fact that producers on the upper edge of the belt in Georgia during this spring hauled out or shipped turpentine and rosin to Jacksonville, Florida in order to dispose of a production beyond their allotment, and after bringing it for a very great distance, they sold it at a material discount from the going prices.

It is a question of whether they can market it somewhere else, and particularly if prices are attractive it would cause the production of a great deal more gum,because everybody would go into the business of shipping crude gum to every state in the Union, where there was any demand for it.

DR. GOLD: Could you outline to us somewhat briefly how you account for the fact that the distilling is done in the south or in the area in which the gum is produced?

MR. MC INTOSH: It is done for the reason that it is convenient and costs less to do it there. It is done for the same reason that a man will not haul his cotton to a gin fifty miles away if there is a gin within five miles of him or at his door.

But, if a man had cotton raised on his plantation that he could not sell at fifty miles away he would haul it a hundred miles in order to sell it.

MR. BARKALOW: Mr. McIntosh, have you attempted to estimate what it would cost to establish commercial distilleries in the main points of consumption, such as New York or Chicago and the far west as against what it would cost to distill gum in the woods?

MR. MC INTOSH: I do not believe that establishing a distillery in New York City or some other point in New York State to distill 5,000 barrels of gum would cost more than $5,000 to put up the distillery, and your goods could be sold there for the same price that any goods could be sold. The only difference you would have would be perhaps a small difference in ground rental and labor cost, and a small difference there might be in freight on account of your water and trash on which you would be paying freight on that according to Mr. Speh, as he is correct about that.

Furthermore, that gum deteriorates rapidly by having chips and bark in it, I would like to testify that is not the fact, that a barrel of gum by my own experience that is held in wood with chips and bark in it for six

months is just as good as it was when it was put in.

MR. BARKALOW: Don't you conceive that there is not a slight but a tremendous difference in the cost of real estate in the woods in Georgia as compared to industrial centers like New York, and the difference applies to costs of labor and all other costs?

MR. MC INTOSH: We must not forget that the labor costs involved in the distillation of turpentine and rosin is very, very small, and while I am not in position to quote facts and figures, but I am of the opinion that under the condition which we have outlined, where it would be a paying proposition to ship rosin and turpentine, that I can, I feel confident that I could make arrangements to put such a plant down on property adjacent to New York without any cost to me for the ground whatsoever, merely to give that supply at a very small differential to the dealer there.

MR. BARKALOW: You spoke of a 5,000 gallon unit still.

MR. MC INTOSH: 5,000 barrels.

MR. BARKALOW: 5,000 barrels.

MR. MC INTOSH: Yes, sir.

MR. BARKALOW: What do you think it would cost to put these stills in all of the cities that I mentioned and handle the crop that way so that it would really affect the program?

MR. MC INTOSH: It would not be necessary to put them in in order to defeat the object of the agreement. If you were to put in enough capacity in a few of the eastern states to supply the demand in those states at a small difference in the cost of rosin and turpentine no one else could sell any there because you would sell it to them slightly under the market if you wanted to get an outlet for what otherwise would be illicit stuff.

PRESIDING OFFICER GIFFORD: Gentlemen, may I call your attention to the fact that we are discussing volume to be marketed and we are getting pretty far from the shore, I think.

MR. MC INTOSH: Well, I will not take up anymore time, but that would be the naval stores that would be marketed unless there was some provision to prevent it.

MR. BARKALOW: Mr. McIntosh, just one other question. Do you feel that the south is going to give up its industry that way?

MR. MC INTOSH: Speaking as an individual and seeing what has happened in the marketing of goods, if I figured that it was a paying proposition for me and that the market was attractive for me from any cause whatsoever, I myself while devoted to the south, as a pure business proposition would promptly arrange facilities in the north or east so that I could ship my surplus gum, If I had any, and purchase it from others if I could do it on terms where I could make any money out of it.

MR. BARKALOW: Do you feel that if that was done that northern capital in your centers will take over the industry?

MR. MC INTOSH: There would not be any way for them to take it over unless they came south and bought the source of supply, and if they will pay enough money for it, why, we will be glad to have some new northern citizens down here.

PRESIDING OFFICER GIFFORD: Is there any further discussion on Section 1, sub-section 1f of Article IV?

(No response.)

PRESIDING OFFICER GIFFORD: If there is nothing further we will take up sub-section 2 of Section 1, Article IV.

MR. TURRIGANO: Mr. Chairman, do I understand that we have arrived

at some volume here?

PRESIDING OFFICER GIFFORD: I have not discovered it yet, except that there should be something there.

MR. TURREGANO: Why go on to another article then?

PRESIDING OFFICER GIFFORD: I have asked for additional evidence, gentlemen, but I cannot make you produce it.

MR. TURREGANO: Did I understand Mr. Speh to say --

MR. SPEH: I didn't say.

MR. TURREGANO: (Continuing) -- that he would fix a volume there of 125,000 for the wood people and 550,000 for the gum people?

PRESIDING OFFICER GIFFORD: No.

MR. TURREGANO: Or 575,000?

PRESIDING OFFICER GIFFORD: Mr. Speh, will you explain that? I understand the figures to be 475 and 125.

MR. TURREGANO: Was that 475?

MR. SPEH: 475 to 500,000 gum and the wood in proportion to their regular production.

PRESIDING OFFICER GIFFORD: Will you give your name to the reporter, please.

MR. TURREGANO: J. P. Turregano, Alexandria, Louisiana.

PRESIDING OFFICER GIFFORD: Thank you.

MR. REESE: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Reese.

MR. REESE: Mr. Chairman, as I understand the basis of this agreement -- I am not familiar with it as I ought to be -- but it does eliminate what has heretofore been known as gum producers.

MR. SPEH: That production of gum referred to as handled by the so-

called gum producer is handled as a secondary quota. It is handled through an allotment to the processor as a secondary quota.

The allotment going to the processor for hisown production of gum is known as the primary quota and the secondary quota feature is developed under the method of making allotments.

PRESIDING OFFICER GIFFORD: Are there any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: If not --

MR. BARKALOW: Mr. Speh, is it not true that as soon as a gum producer has become distilled, then he possesses naval stores and is a handler thereof and becomes subject to this agreement?

MR. SPEH: Yes, sir.

DR. GOLD: How is that problem of gum producers handled in the agreement of 1934 and 1935?

MR. SPEH: IN the same way as the secondary quota, and the volume was identified in the form of crude gum and tags and the secondary quota was allotted to the processor, and that was differentiated from the primary quota which was the allotment that went to him for his own operations.

The secondary quota, as I stated, was identified by a number of crude gum tags and the processor received -- receiving the secondary quota was required to prorate those crude gum tags among those people from whom he had bought crude gum which went to make up the secondary quota.

PRESIDING OFFICER GIFFORD: We will have a few minutes recess until the electrician can give us more light.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: Let's proceed, gentlemen.

MR. BOYKIN: Mr. Chairman, may I ask Mr. Speh -- my name is T. S. Boykin, B-o-y-k-i-n.

Mr. Speh, did you not state that in 1934 and 1935 the gum producer received through the processor his allotment, the allotment went to the processor as a secondary allotment? Did I understand you correctly to make that statement?

MR. SPEH: I stated that the allotment, that is, that the turpentine and rosin which was derived, which was processed from the purchased gum was handled in the form of a secondary quota, which secondary quota went to the processor of that crude gum and which processor sold the resulting turpentine and rosin, that that processor was required under the terms of the marketing agreement to prorate those crude gum tags among the people from whom he had purchased the crude gum which went into the turpentine and rosin which made up that secondary quota.

Our experience as a result of 1934 was that these processors did not as religiously as they should have, distribute these crude gum tags, that in many cases they kept them and held them in their possession trying to force the gum seller to sell the gum that that same -- to that same processor. Therefore the control committee -- I believe the license was amended so as to permit the control committee to decide whether or not those crude gum tags would go direct to the processor or whether they would be prorated by the control committee and sent to the gum seller.

The Control Committee adopted the latter policy and sent the crude gum tags as broken down by the representations of the processor and making that secondary quota, these crude gum tags were sent to the crude gum seller.

Now, in many cases the crude gum seller himself said that it was too much of a nuisance to handle these crude gum tags and he would be apt

to lose them if he had them around the house, and inasmuch as he was going to sell the crude gum to the party with whom he had already made the arrangement, he was perfectly satisfied to have the crude gum tags go to that processor.

However, the Control Committee adopted the policy that the crude gum tags were to go to the crude gum seller, and therefore it required a request or authority from that crude gum seller, and that authority was merely in the form of giving the address, and in each case the crude gum tags for that crude gum seller were placed in an envelope and sealed and that envelope was addressed to that particular crude gum seller. On such envelopes we had the authority whereby the tags went to some processor. All of those envelopes were bundled together and sent to that processor, but in each instance the crude gum tags were sent to the crude gum seller, in care of this processor, to this given address. When the processor received that bundle of envelopes, invariably he opened those and those tags still belonged to the gum seller, and whether he handed them over to him or whether he just held them there to be used to cover the purchase of gum, we do not know, but they were sent to that address on instruction from the crude gum seller.

PRESIDING OFFICER GIFFORD: Is there anyone else who desires to discuss this matter before we go to sub-section 2, Section 1, Article IV?

(No response.)

PRESIDING OFFICER GIFFORD: Do you care to make a further statement about it?

MR. SPEH: Sub-section 2, a and b, merely describe the method in which you arrive at the figure you are using to determine the total volume to be marketed.

DR. GOLD: Mr. Speh, is it possible to secure data for the basis of making such judgments as are involved in that section?

MR. SPEH: I think it is. That has been very clearly demonstrated by the figure used by Mr. Lockwood and Dr. Veitch showing the production stocks and the movement of naval stores for the past three seasons.

MR. BARKALOW: Mr. Speh, you understand the purpose of paragraph 2, in that under the Act we are now limited to a limitation for a specified marketing period, and that at the end of that -- you have picked here the calendar year, and at the end of that year there will be a new finding offact and a new fixing of these limitations?

MR. SPEH: As I understand it, when a figure is inserted in paragraph 1, Section 1, it becomes a part of this agreement and a similar feature becomes the same part of the order, and any change in that order has to be treated as an amendment, and therefore has to be given a hearing and the usual discussion of an amendment. Therefore, if you want to set the crop for 1937 you must by October the 15th go through the procedure of an amendment in order to determine the volume to be marketed for that subsequent year.

The only difference as I understand it, between an amendment and a

hearing of this kind is the length of time of notice; whereas, we require fifteen days for a hearing of this type, I think it is only necessary to give three days notice for a hearing on an amendment.

PRESIDING OFFICER GIFFORD: Is that all the discussion you are to have on sub-section 2 of Section 1 -- paragraph 2 of Section 1, Article IV?

MR. SPEH: Except that I think it well to bear in mind that, whereas, in previous marketing agreements and licenses the Control Committee has had authority to set the volume to be marketed, we find in this agreement under the Act that this is done by the Secretary of Agriculture. T herefore there can be no possibility of a crop being set other than that which the closest scrutiny and all the information available will determine. It will not result from a consideration of members of the Control Committee, made up of members within the industry, who possibly from a selfish motive or some ulterior motive might want to set a crop higher or lower than it should be. The Secretary of Agriculture is the one who sets the crop. He does listen to the recommendation and to the suggestions of the committee, but only in that capacity.

MR. BARKALOW: Mr. Speh, do you find that the procedure as set up here and the factors named there are adequate upon which a proper adjustment could be made in the amount to be marketed?

MR. SPEH: Yes, I think it does take into consideration all of the factors necessary to determine the volume which should be made available.

It does take into consideration the carry-over, the consumption of the stock -- the character of the carry-over that is, in what hands it lies.

PRESIDING OFFICER GIFFORD: Are there any further questions?

(No response.)

(In session.)

PRESIDING OFFICER GIFFORD: Does anyone else desire to give any evidence concerning this section, that is, section 2, paragraph 2, of Section 1, Article IV?

(No response.)

PRESIDING OFFICER GIFFORD: If there is nothing further, we will proceed to Section 2 on page 12.

MR. SPEH: This section prescribes a method of limitation of the marketing of gum naval stores. Its mate is contained later, to prescribe the method of limitation of the marketing of wood naval stores. Paragraph 1 of this prescribes a method of identification and it refers to tags, certificates, stamps or some other method of identification.

This is carrying out the method of identification that the Control Committee has used for the past two seasons. In 1934 we adopted a tag system. It developed some weaknesses. These were strengthened through the use of a coupon attached to the original tag, and I sincerely believe that during 1935 the tag system worked out very satisfactorily. There is one amendment --

DR. GOLD: Before you take up that, Mr. Speh, have you thought of or given any attention to an alternative method for taking care of this allotment feature in addition to the tags?

MR. SPEH: You mean the identification feature of it?

DR. GOLD: Yes.

MR. SPEH: We have given considerable thought to it. We must admit that the use of tags and the accompanying policing and routine is an expense. It has cost the Control Committee as nearly as I can estimate probably $34,000 or at least that would be the annual expense of using tags with the port inspectors.

We feel that inasmuch as one of the vital features of the agreement or order is the definite enforcement of the volume to be marketed, both in total and as the individual, and therefore any economy or any saving which would fail to carry out a complete enforcement or complete policing system would merely be false economy, and while it is entirely conceivable that some other system could be worked out, we do feel that the inauguration of such a system would have to pass through the same trials, experience and tests that we had on the tag system. We even went so far as to consider depending entirely upon reports from operators, combined possibly with reports from factors. It would be highly desirable if such a system could work out, which I seriously question if it can.

The producer of gum naval stores does not keep an elaborate set of books. Very few of them keep any records other than probably a set of accounts sales rendered them by the factor, and in many cases, I know of many instances where they haven't even bothered to keep that; in fact I think it is safe to say that a large number of operators, if they were called upon to make an income tax report, would have to depend upon the factor's record in order to get the information necessary to make up such reports.

I do not believe that it would be entirely because the processor would not be willing to give the information. I think it would be more because he was not in the practice of keeping these records, and even though we supplied him with forms and even addressed, stamped, envelopes, we would find the reports would not be coming in until very much beyond the required date. That would work out all right for the production that passed through the factor's hands, but on the other hand it would not enable a check of anything that did not pass through the factor, and so we do feel that some

form of identification attached to the package is necessary.

MR. BARKALOW: Mr. Speh, you heard the substitute which was suggested here, stating a method of limitation and based on conservation which is set up here as an added part in paragraph 3.

In view of the fact that we must regulate the handling of naval stores, do you not feel that in addition to the large corps of woodsmen that were referred to, you would necessarily have to see that only a nine inch pine was being used, but you would also have to have some sort of tag system or means of identifying the product in the hands of the handler and distributor?

MR. SPEH: Of course, I personally can't see how such a marketing agreement or order could be entered into with the Secretary merely as a straight conservation measure. I can see no authority in the Act for that. As you stated, the authority is granted in the handling of an agricultural commodity, and therefore we have to approach it from that end.

There have been quite a number of people who have approached me saying, if you could merely handle it as a conservation measure you would accomplish the purpose and we would support it.

You might do this: you might set a crop not to exceed one million barrels. However, no one shall market under his allotment anything that came from a tree other than over nine inches in diameter. That is conceivable, you might possibly do that. I do not know whether it would be possible that the Secretary would agree to such an order. We face one other fact. Just as soon as you set such a crop as one million units for the gum producer you probably would limit the crop under the conservation measure, but you must of course give the same to the wood crop, and if you set a million barrels for the gum crop and you consider that as eighty-two

or more, and give an increased allotment to the wood group, why, you just as well shut up.

MR. BARKALOW: But even there, in order to enforce that, in view of the fact that we must regulate the handler, don't you concede that we would also have to have some kind of method of identifying the product in the hands of the handler?

MR. SPEH: Yes.

MR. BARKALOW: Such as a tag system.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: At this time, gentlemen, we will have to adjourn since we are compelled to give up the room at six o'clock and we will reconvene the hearing tomorrow morning at nine-thirty o'clock sharp, and we hope to get through by noon tomorrow so that you can get to the football game.

(Thereupon, at 6:00 o'clock p. m. the hearing was adjourned until 9:30 o'clock a.m., Saturday, November 2nd, 1935.)

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UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICIAL REPORT OF PROCEEDINGS

BEFORE THE

AGRICULTURAL ADJUSTMENT

ADMINISTRATION

In re:

Hearing with reference to a

PROPOSED MARKETING AGREEMENT and

PROPOSED ORDER for

HANDLING OF NAVAL ORANGES.

Docket No. A-8 - O-6.

HELD AT Jacksonville, Fla.

Date Nov. 2, 1938.

NEIL SAYLES
Official Reporter

1141 Ashland Block Chicago, Ill.
1742 R Street N. W. Washington, D. C.

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BEFORE THE SECRETARY OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION.

In re:	
Hearing with reference to PROPOSED MARKETING AGREEMENT and PROPOSED ORDER for HANDLERS OF NAVAL STORES.	Docket No. A.S - 0.S. Naval Stores. Jacksonville, Fla.

Saturday, November 2nd, 1935,
Mayflower Hotel,
Jacksonville, Florida.

Hearing resumed pursuant to adjournment, at 9:30 a.m.

PRESENT: Same as before, and the following additional appearance:

CHARLES T. THUG, Savannah, Georgia, representing Parie Naval Stores Company, Inc.

J. R. PRINE, Summerdale, Alabama, representing J. R. Prine, J. C. Prine, Sr., and J. C. Prine, Jr., Citronelle, Alabama and Baldwin County, Alabama.

F. L. ATHERTON, Chaton, Alabama, representing self and producers of Washington County, Alabama.

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P R O C E E D I N G S

PRESIDING OFFICER GIFFORD: The hearing will come to order, please. There is going to be a small crowd and I feel if you will all gather up pretty well to the front seats that we will be able to hear fairly well. They have not installed our loud-speaker for us this morning and until they do we will try to get along without it.

At adjournment last night we were discussing Section 2 of Article IV. That is on page 12.

Is there any further evidence to be submitted in reference to this section?

MR. BOYKIN: Mr. Chairman, I would like to ask a question.

PRESIDING OFFICER GIFFORD: Yes, sir. What is your question?

MR. BOYKIN: I would like to ask if the wood naval stores will be tagged the same as the gum naval stores under this proposed agreement?

MR. BARKALOW: That does not come up here, Judge.

DR. GOLD: Does it come up here at this time?

MR. BARKALOW: No.

MR. WARD: May I make a statement?

PRESIDING OFFICER GIFFORD: Yes, just so you get an answer, Mr. Boykin.

Mr. BOYKIN: Yes.

MR. WARD: Mr. Boykin, as I explained in my opening statement, this whole draft here is tentative and is to be corrected in accordance with the views of whatever evidence is developed at the hearing, and I explained particularly that no work had been done with the wood naval stores folks in writing that part of the proposed agreement which refers specifically to them. It has been taken from the old license, that is the provisions

[illegible]

[illegible]

[illegible]

affecting them have been taken from the old license and are practically the same as they were.

Answering your question, they did not under the provisions of the old license, put tags on their products. They did operate in the same manner as set forth in this proposed agreement, by making one statement to the Secretary of the amount of the products which they had marketed.

MR. BOYKIN: Might I inquire why they were not required to tag their products?

PRESIDING OFFICER GIFFORD: They may or may not, I believe.

MR. WARD: We will come to that provision later on and you can discuss it at that time, if you do not mind.

PRESIDING OFFICER GIFFORD: Yes. There is a provision in here in reference to that and when we come along to that we will make the record on it.

MR. BOYKIN: All right. Thank you.

PRESIDING OFFICER GIFFORD: If there is nothing further on Section 2, paragraph 1, we will proceed to paragraph 2.

DR. GOLD: Mr. Chairman, I would like to ask some questions in regard to this section.

What do you understand, Mr. Speh, by the term "delivered for sale" as contained in this section?

MR. SPEH: Mr. Chairman, have we covered paragraph 1 of Section 2?

PRESIDING OFFICER GIFFORD: I just asked if there was any further evidence to be given on paragraph 1 of Section 2 and there was no response, so we passed to paragraph 2.

MR. SPEH: In the concentrating of the gum turpentine and the gum rosin, the shipments by the processor to these various concentrating points are merely shipped in there for the purpose of sale; that is, it is being

shipped in in order to give the commission man -- in most cases the factor -- the opportunity of offering it for sale. Possibly 65 percent of the turpentine and rosin comes into the ports.

We have the two ports of Savannah, Georgia and Jacksonville which are spoken of as open markets. That is to say, the receipts, the concentrations shipped from the producers to the factors are offered for sale through competitive bidding on these products in these two ports. We have Brunswick, a port, which is also a concentration port.

However, there the receipts are turned over to the distributor under a contract made by the factor at that port, the arrangement being that the price at which the turpentine and rosin are turned over is based on the average of the Savannah and Jacksonville markets on that day.

Pensacola, Florida, is also a concentrating point.

Here again the receipts are turned over to either one or more of the distributors on the basis of the Savannah market.

That stuff going into Brunswick and that stuff going into Pensacola under such conditions, we interpret is not a delivery for purpose of sale.

On the other hand, the other stuff going into Savannah and Jacksonville, is being delivered for the purpose of sale.

We do find out that there are receipts at Savannah and Jacksonville which are merely passing through the port of Jacksonville or Savannah, the offer of sale having already been made at an interior point and this stuff is passing through the port for shipment either coastwise or foreign shipment.

On the other hand, there are some instances where receipts come into Savannah and Jacksonville that have been contracted for possibly

under an arrangement similar to that at Brunswick and at Pensacola. So those cases, would not be considered as having been delivered for sale.

DR. GOLD: You know these two open markets. Now, what proportion of the volume of receipts could you believe is offered or delivered for sale as you understand that term?

MR. SPEH: A review of the trend going back quite a number of years, would indicate there was a very decided decrease throughout the years in the percentage of the receipts which were actually reported as sales over the board. They have even dropped to the extent of being less than 60 percent of the receipts that are being reported as sales.

Under the provisions of the marketing agreement and license, the Secretary could instruct the control committee -- or rather, let me change that -- under the provisions of the amended license, the Secretary could instruct the Control Committee to require that gum turpentine and rosin received at Savannah and Jacksonville to be delivered for the purpose of sale, must be sold over the respective boards of trade.

That order was put into effect, and to the best of our knowledge was complied with -- I won't say 100 percent, but the certificates would indicate that for all practical purposes it was carried out.

Now then, since that time, there has been a tendency to revert to the original condition, whereby more and more is being sold at what you might say were private terms.

DR. GOLD: My question, I believe, was not properly worded.

PRESIDING OFFICER GIFFORD: Would you speak just a little louder, Doctor, so the reporter can get it?

DR. GOLD: Yes. You mentioned in your testimony that some of the turpentine and rosin entering into the open market had been contracted for or had been bought sometime ago at an interior point?

MR. SPEH: Yes, sir, that is right.

DR. GOLD: Do you have any idea what volume of the receipts, regardless of the amount offered for sale, is actually sold in these particular two markets? How important is this group of contracts and sales in the woods at present?

MR. SPEH: The sales in the woods, of course, fluctuate. That stuff moving through the ports enroute in foreign or coastwise shipment varies with the demand. The volume under contract coming into Jacksonville and Savannah, I would say, would be extremely small. I should say it is safe to say it would not exceed 10 percent of the total receipts at those two points.

DR. GOLD: In your opinion would there be any incentive to evade the provisions as contained in this agreement?

MR. SPEH: I think there would be an incentive on the part of the distributors to acquire or to assure himself of supplies, by arranging to buy at interior points and thereby reducing his need of entering into the market on a competitive bidding basis.

DR. GOLD: Do you contemplate that that would be the likely attitude if such a provision were included in this proposed marketing agreement and order?

MR. SPEH: I doubt if I am qualified to answer that, by stating that it apparently has not developed under this provision, up to the time it was relinquished you might say.

DR. GOLD: What is the purpose of this provision?

MR. SPEH: It is held by some that the practice of selling at private terms is detrimental to the producer. The fear in back of the making of a market is offering all supplies for sealed competitive bidding and under those conditions it is felt that a dealer will do his best, put his best foot forward in acquiring the supplies that he needs or if he needs them. If he does not need them he is going to place a nominal bid, but if he is to continue to make sales he must sooner or later acquire a stock. Now, if you limit his source of supply to that which can come to him only through sealed competitive bids, sooner or later he must, as I say put in his best bid.

If, on the other hand, he is permitted to do as has developed, to go to a factor and ask that factor to cut out of his receipts what would constitute offering a certain volume of rosin or turpentine, and that he will pay the market price for it, or as an inducement for such a favor pay him a little premium, you can see the situation that results. That premium, of course, will be gauged by two things; he has the feeling that the premium will be less than the additional bid he needs to put in. Second, the assurance that he can get a particular line of rosin.

Rosin has thirteen grades. As produced by the producers we find that each producer will ship in several grades in his lot of rosin. The combined receipts making up the offerings of the factor therefore will include occasionally some barrels of every grade.

In practice, however, probably the average coming in would be confined to seven or eight grades. It is possible that the demand may be stronger on the middle grades than on the pale grades, and the factor, in

trying to secure the best possible prices for his customer, sort of sweeps it up with those grades in demand. That is, if the middle grades are in demand and the pale grades are not in demand he will try to throw in enough of the pale grades so if the dealer wants the middle grades he will have to buy these middle grades along with the pale grades.

Therefore, the dealer not wishing to increase his supply of the slow moving pale grades may be willing to pay a little premium if he can get a line in which the middle grades are concentrated.

Another reason why the cut-out system has come about is that if you cut off the source of supply you will force the hands of the dealers.

Now the opponents of it say that the market is destroyed by the volume of offerings. So if you reduce the offerings you have strengthened the market, and the system of selling by private terms or cut-out does reduce the visible offerings.

The proponents of this method or system reply by stating that you have reduced the volume of visible offerings, but you have satisfied the demand and, therefore, you have accomplished nothing.

Now I am trying to give you this point, not as a proponent or opponent, but as a general statement, and some feel that this provision is not particularly helpful; that if we are to gain the full benefit of it we should require that all rosin and turpentine, or as provided in the amendment there, or gum turpentine and gum rosin not under contract, should be offered over the boards of trade. I do not mean that it must actually move to the port, but that the offering should be made. In that way they would then get the real benefit of complete competitive bidding.

DR. GOLD: What result did you experience under this provision for the time that it was in effect? Do you feel that you can point to significant gains?

MR. SPEH: Why, frankly, I am not sure about that. I am not certain that I can express an opinion as to whether the carrying out of that provision has been helpful or not. I would much prefer that the factor and the distributor who are in a much better position to reply to that, should answer that and reply to it.

DR. GOLD: I have one or two other questions I would like to ask you before bringing that up.

In what way do you contemplate that this limitation on the place at which a man may sell his product is a limitation of marketing in interstate commerce?

MR. SPEH: From its influence in trying to effectuate the purpose of the program. The purpose, as I understand the program is two-fold; one to establish a balance between available supply and consumption. The other is to gradually reach parity prices. If after having established a balance you have marketing device which will defeat the latter purpose, it seems to me that should be included in your program.

DR. GOLD: It is the practice, is it not, in the sale of rosin, to sell by lines?

MR. SPEH: Yes, sir. Purchasers are made by a distributor from some of the larger processors whereby the sale is merely confined to a lot of rosin of one or two grades. That is true because the larger processor is apt to be concentrating his proportion of grades.

DR. GOLD: Are you speaking of sales over the two markets?

MR. SPEH: No.

DR. GOLD: Well, I am speaking of sales over the two markets. Today a line is offered, as I understand it?

MR. SPEH: Yes, sir.

DR. GOLD: Andthe one who wants to buy rosin must buy the whole line?

MR. SPEH: Yes, sir.

DR. GOLD: Have you thought of the effect of this provision on a small dealer if the selling by lot -- if the practical selling by lines continues?

Mr. SPEH: Yes, we have given serious consideration to that.

There is no question but what the offering in lines is advantageous to the larger distributor. He has a wider circle of distributors and he can afford to carry the stocks with the accumulation of the slower moving grades, whereas the small distributor cannot afford to do that. Therefore, he has to confine his purchases to those lines which are going to contain a preponderance of the rosins which he can move immediately.

On the other hand, if you sell by grades and you look after the interests of the producer, you will find that desirable moving grades will immediately move, leaving to be carried by the producer the slow moving grades, and so before long he will be carrying that stock, whereas under the present system the producer forces that over onto the distributor. You might say it is unfair, but nevertheless it is accomplished.

The remedy lies, of course, in the producer trying to confine his production to as few a number of grades as possible.

DR. GOLD: Is there any current practice in the sales made by factors to dealers in the public markets, that can overcome the difficulty of a small dealer in attempting to purchase a single line?

MR. SPEH: Yes, sir. The factors, I believe, try to cooperate with the smaller distributor to the best of their ability. If a small distributor indicates that he would appreciate their breaking up their line

so as to make it one that he can handle, I believe the practice has been to meet that wish as best they can.

Of course, on the other hand it can be more readily met through the cut-out system than it can be by offering it over the Board.

DR. GOLD: Can you give us something of the history of the origin of this particular provision? I mean now it was in the previous agreement, was it not?

MR. SPEH: It has been in the agreement and the earlier licenses. The right was entirely confined to the Control Committee putting it into effect.

The amendment, however, relieved the Control Committee of that responsibility and put it up to the Secretary of Agriculture that he would order it put into effect when he deemed it desirable.

DR. GOLD: Do you care to give for the record the groups who were interested in opposing this sort of a marketing control?

MR. SPEH: Well, a good many of the operators felt that the cut-out system was harmful on the theory that straight competitive bidding would result in better prices. The large distributors were particularly anxious to have everything offered through the Board of Trade. I believe I am correct in saying that in general the small distributor did not favor it.

DR. GOLD: I would like to call on Mr. Kayton, please. Mr. Kayton has been sworn.

MR. KAYTON: Yes.

DR. GOLD: Mr. Kayton, you are a factor?

MR. KAYTON: Yes, sir.

DR. GOLD: Would you give us the benefit of your experience under this particular provision, and your attitude toward it, in carrying out the declared policy of the Act?

MR. KAYTON: Dr. Gold, there is a division in our own office as to the advantages of that particular provision. Personally I feel that you secure a broader market by offering all of the rosin and turpentine openly on the Board. There is a certain demand for the stuff, and I believe if you force all of the buyers into the open, make them put in their best bids, that you get the very best results on the commodities that the market will offer.

On the other hand, by throwing large quantities of naval stores on the market on any one particular day, you circumvent or rather circumscribe the ability of the smaller dealers to bid.

DR. GOLD: That is true of rosin in particular, is it not?

MR. KAYTON: Well, it applies to both but especially rosin for the reason you have twelve or thirteen grades of rosin. For instance -- if we place on the market a thousand or twelve hundred barrels of rosin and there is some smaller buyer that wants 400 or 500 barrels, he cannot bid on our line. But, some larger dealer who carries a heavy stock of rosin anyhow, realizes possibly that he is the only one that can handle it, and he may check up on the situation and bid a lower price than if that line was split up.

We sometimes cut out particular grades for some dealer or buyer that just needs a few barrels of it for a particular shipment, and if he cannot buy that small quantity, why he is unable to accept the order from his consumer and, therefore, he loses the business.

There are arguments on both sides, but I believe that the broader market is better.

DR. GOLD: Have you ever thought of the problem as to whether this is designedly a provision relating to the regulation of marketing in interstate commerce?

MR. KAYTON: No, I don't think I have. I Haven't taken those up at all.

DR. GOLD: Can you see any advantage in evasion of a position like this?

MR. KAYTON: Well, there are temporary advantages. For instance, on day before yesterday our Jacksonville office offered a small line of rosin, received bids on it, the bid of the highest bidder was not what he thought he ought to get on the possibility of the market and he signed the bid, and a little later sold the rosin at a higher price, showing that his judgment was correct in that the dealers were willing to pay more for rosin if they had to do it.

MR. BARKALOW: Mr. Kayton, do you remember that they had any difficulty to enforce this before?

MR. KAYTON: Yes. You mean in enforcing this after the Act went into effect?

MR. BARKALOW: Yes, after it was in the old agreement and license.

MR. KAYTON: I don't quite get that.

MR. BARKALOW: Was there a similar provision to this in the old agreement and license, sales over the Savannah and Jacksonville Boards?

MR. KAYTON: Do you mean in the agreement that was suspended?

MR. BARKALOW: Yes.

MR. KAYTON: Oh, yes. I think most of the factors have complied 100 percent with that provision. There were some evasions.

In one case I recall that one dealer told me that he had made a purchase of some rosin at an interior yard and that rosin was rosin that ordinarily would have moved into Savannah and later did come into Savannah.

MR. BARKALOW: Well, as you see this provision, there is no particular coercion involved? I mean to say, it is up to the man himself as to whether he is going to deliver it for sale in the market. If he does, then it has to go over the Board. But if he does not care to do that, he completes the sale somewhere else, it comes through the market?

MR. KAYTON: Yes.

MR. BARKALOW: There is no attempt here, as I say, to force all naval stores to go to those markets for sale?

MR. KAYTON: No, on the contrary I think it would have just the opposite effect and would result in more sales being made at interior points because, as I said, if some dealer finds himself -- to make the purchase that he wants in the open market, he finds competition so keen that it is difficult for him to get the supply he will then go to the interior and try to head it off before it gets into the courts.

MR. BARKALOW: Now, he has the choice, he can buy either there or he can send it through for sale on the two markets?

MR. KAYTON: Yes.

MR. BARKALOW: That is all.

PRESIDING OFFICER GIFFORD: Are there any further questions of Mr. Kayton?

(No response.)

PRESIDING OFFICER GIFFORD: Thank you, Mr. Kayton.

(Witness excused.)

DR. GOLD: Mr. Spitz.

MR. SPITZ: Yes, sir.

DR. GOLD: The price of your product -- you are in the wood industry, are you not?

MR. SPITZ: Yes, sir.

DR. GOLD: The price of your product tends to fluctuate rather closely with the Savannah market?

MR. SPITZ: Yes, sir.

PRESIDING OFFICER GIFFORD: I wish you would speak a little louder, gentleman.

MR. SPITZ: All right.

DR. GOLD: Have you given any thought to the possible advantages or disadvantages of a provision such as this in relation to the industry?

MR. SPITZ: No, we have given it no consideration. Well, when I say for our industry, I mean for our company. We have given no consideration to it.

DR. GOLD: Do you think it would give you a broader market and a more competitive market?

MR. SPITZ: I don't think it would make the least bit of difference as far as we are concerned.

DR. GOLD: You mean you don't think the practice will affect the actual price?

MR. SPITZ: I wouldn't say that, I don't know. I mean we haven't gone into it fully enough to make any kind of decision or even to make an expression. We don't know enough about it to say what it would or would not do.

DR. GOLD: It has been brought out in the testimony that during approximately the first five months of 1935 this provision was in effect. Did you feel that you had gained anything by it? Were you able to notice any change in the market?

MR. SPITZ: Frankly, I didn't even know it was in effect.

DR. GOLD: Thank you.

PRESIDING OFFICER GIFFORD: Are there any further questions of Mr. Spitz?

(No response.)

PRESIDING OFFICER GIFFORD: Thank you.

DR. GOLD: Mr. Nixon.

MR. NIXON: Yes, sir.

PRESIDING OFFICER GIFFORD: Will you come forward please, Mr. Nixon?

MR. NIXON: Yes, sir.

FURTHER TESTIMONEY OF A. B. NIXON,
WILMINGTON, DELAWARE,
REPRESENTING HERCULES POWDER COMPANY,
WILMINGTON, DELAWARE.

(The witness was previously duly sworn by the Presiding Officer.)

DR. GOLD: Mr. Nixon, have you given any thought to this problem of attempting to establish a wider market, a larger market in Savannah and Jacksonville than might exist?

MR. NIXON: No.

DR. GOLD: The price of your product does tend to fluctuate very closely with the gum product?

MR. NIXON: It follows the trend. It does not follow the daily fluctuation but it does follow the trend.

DR. GOLD: Do you feel that there would be any advantage from your point of view in a wider market?

MR. NIXON: I didn't just get that.

DR. GOLD: I say, do you feel that there would be any advantage from your viewpoint in having a wider market?

MR. NIXON: Our product does not go over the market and we have not been closely associated with that marketing problem.

DR. GOLD: Yet you do feel that your price is very materially affected by Savannah prices?

MR. NIXON: Yes.

DR. GOLD: That is all.

PRESIDING OFFICER GIFFORD: Thank you, Mr. Nixon.

(Witness excused.)

DR. GOLD: Mr. Aycock.

MR. AYCOCK: Yes, sir.

DR. GOLD: I would like to ask you a question, please.

MR. AYCOCK: All right.

FURTHER TESTIMONEY OF THOMAS J. AYCOCK,
JACKSONVILLE, FLORIDA,
REPRESENTING AYCOCK-LINDSEY CORPORATION,
SHAMROCK, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

DR. GOLD: Would you care to give for the record your opinion of the possible advantages or disadvantages, as a producer of this particular section?

MR. AYCOCK: What is the question now?

DR. GOLD: Would you discuss for us your opinion as a processor of this provision that provides for sale at the open market and the sale of all receipts for sale through the two open market channels?

MR. AYCOCK: I haven't had enough experience to say, Mr. Chairman, whether it would be advantageous or not.

DR. GOLD: Thank you.

MR. AYCOCK: May I amplify that?

PRESIDING OFFICER GIFFORD: Surely.

MR. AYCOCK: I think that if rosin and turpentine -- that if rosin was sold by grades instead of by lines that it would be advantageous to the producer.

DR. GOLD: Well, there is nothing of that sort in here.

MR. AYCOCK: No, there is nothing of that in there.

DR. GOLD: Yes, thank you.

PRESIDING OFFICER GIFFORD: Does anyone wish to ask Mr. Aycock any questions?

(No response.)

PRESIDING OFFICER GIFFORD: Thank you, Mr. Aycock.

(Witness excused.)

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 2 under Section 2?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will pass --

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: I beg your pardon. Do you want to state something further?

MR. SPEH: Yes.

FURTHER TESTIMONY OF CARL F. SPEH,
JACKSONVILLE, FLORIDA,
REPRESENTING THE CONTROL COMMITTEE.

(The witness was previously duly sworn by the Presiding Officer.)

MR. SPEH: Well, I was asleep in hesitating to follow this about Section 2.

In line 6, I have an amendment which we would like to introduce, line 6, Section 2, paragraph 1. It now reads:

"Such tags shall bear a number identifying the contracting handler to whom issued, and/or the serial number of the tag --"

We would like to present an amendment so as to have that read:

"Such tags shall bear a number identifying the contracting processor-handler to whom issued and/or a serial number," thereby being able to effectuate quite a saving in the cost of tags if we decide to use tags and require only a serial number.

PRESIDING OFFICER GIFFORD: This proposed amendment will be identified as Exhibit No. 6 and made a part of the record.

(The proposed amendment submitted by Mr. Speh, was marked "Exhibit No. 6" and is attached to this record.)

PRESIDING OFFICER GIFFORD: Gentlemen, you have heard the proposed amendment presented. Is there any opposition or any discussion of that proposed amendment?

(No response.)

PRESIDING OFFICER GIFFORD: Mr. Speh, you will see that these amendments are all left with the reporter?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Before passing to paragraph 3, Dr. Gold has another question or another witness that he desires to question.

DR. GOLD: Mr. Theus.

MR. THEUS: Yes, sir.

DR. GOLD: I would like to ask you a few questions.

MR. THEUS: Yes, sir.

FURTHER TESTIMONY OF CHARLES T. THEUS

(The witness was previously duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: You may proceed, gentlemen.

DR. GOLD: Mr. Theus.

MR. THEUS: Yes, sir.

DR. GOLD: While you have been absent there has been a discussion of the provision in the proposed marketing agreement relating to the

sales of all receipts for sale over the two open markets at Savannah and Jacksonville.

MR. THEUS: Yes.

MR. GOLD: I should like you to give us your opinion, if you will, on the advantages or disadvantages of this particular provision.

You are a dealer, are you not?

MR. THEUS: Yes, sir. I should prefer, Dr. Gold, that the receipts be offered over the Boards. It has a most important feature of giving you an actual market rather than what you might say a fictitious or artificial one.

It is very simple for anyone to put the market up with only a small percentage of offerings being first on the Board.

We have seen in Savannah a great many times the actual receipts of, say, for instance, turpentine would be 700 or 800 barrels that had official offerings on the Board, but only 40 or 50 --

MR. TURREGANO: Would you mind speaking a little louder, please.

PRESIDING OFFICER GIFFORD: Yes, please speak a little louder, Mr. Theus.

MR. THEUS: The cut-out on private sales would prevent quotations; in other words, one dealer trading on the other man's finger.

I think it is much more satisfactory if it can be done.

DR. GOLD: Suppose the section remains on gum naval stores delivered for sale, can you see the possibility of evasion or probability of evasion of this particular section?

MR. THEUS: Yes, sir.

DR. GOLD: Do you think it would be very difficult to evade?

MR. THEUS: No, I don't think so.

DR. GOLD: Do you think it would be liable to result in evasion?

MR. THEUS: How is that?

DR. GOLD: I say, do you believe it would be likely to result in evasion?

MR. THEUS: I think so.

DR. GOLD: You have had experience in it for about five months this year. What did you find during that period?

MR. THEUS: Well, I think that a great portion -- as a matter of fact it is entirely up to the factor to dispose of his receipts. If he wants to put them on the board he can do so; if he does not, he does not have to do so. All he has to do is to tell you that it is not for sale or that the price is unsatisfactory, or almost anything. He don't have to sell it. There is anothing to force a factor to sell his turpentine or rosin.

Dr. GOLD: But this provision would require that if receipts were either in Savannah or Jacksonville and the factor wanted to sell them he would have to offer them over the Board.

MR. THEUS: I think that would pretty well cover it.

As I say, I don't know, to tell you the truth. I have seen lots of instances where turpentine was either withheld or put on the board and then they turned around and delivered to some other dealer or distributor in the trade, and sometimes it didn't make any difference whether you were enough higher than the bid on the market or not, you would not get any.

Particularly at Jacksonville you put turpentine and rosin on the Board in Jacksonville and no matter what your bid is, in the majority of instances it is carried over, and very seldom is ever offered back on the Board the following day. It is disposed of immediately. The factor has

got to get all of the money he can for his receipts. It is probably to his advantage if he can get more money for it. But it looks to me like that if we could have trade ruling that if stuff is put on the board, if 500 barrels of turpentine are offered on the board for sale, it ought to be a sale. A great proportion of it is sometimes sold before the board and it is simply put up on the board and then you don't get it.

I have very often been the high bidder down at Jacksonville, as high as three-quarters of a cent higher than the next bidder, and then I don't get any turpentine.

DR. GOLD: Do you think this is the provision you had before, put into effect by the members of the two boards?

MR. THEUS: Yes, I think it is, but it is purely a matter for the factors and not the dealers. The dealers haven't very much to say about what the factor does with his turpentine or rosin. They don't have to sell it to them. It is a matter for the factors to get together on, and not the dealers. The factors could very easily get together and say, "We are going to sell all of our stuff on the respective boards," and do so, or as I said, they don't have to sell anything; they don't even have to offer it. They can sell it privately or they can say that they won't stand the price, and then just bill it to certain dealers each day. That stuff never goes on the board.

I have some of those arrangements myself, but as I say, I prefer to see all receipts offered on both boards. It might be a better representation of a national market or give a much fairer quotation.

Lots of them sell, oh, 50 barrels of turpentine and it is an official sale, and yet the private sale amounts to 400 and 500, and it could be really just the reverse in order to get proper quotations.

As I said, I haven't very much to say about it. It is up to the factors, they could do that.

DR. GOLD: Thank you.

(Witness excused.)

MR. LOCKWOOD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Lockwood.

MR. LOCKWOOD: May I say just a few words?

PRESIDING OFFICER GIFFORD: Yes, Mr. Lockwood.

FURTHER TESTIMONY OF JOSEPH E. LOCKWOOD,
SAVANNAH, GEORGIA.
NAVAL STORES CONSULTANT.

(The witness was previously duly sworn by the Presiding Officer.)

MR. LOCKWOOD: Mr. Chairman, and Dr. Gold, as a member of the Savannah Board of Trade and in the interest of many classes whose transactions in naval stores the world over are based upon the daily official prices established at Savannah and wired daily the world over as the basis for the prices in all of the markets, I want to call attention to the fact that not only should those directly taking part in the daily transactions be considered but also those who are effected by those daily transactions, and that whatever plan will best make clear and offer sufficiently large and representatives transactions as satisfactory to all concerned, that the prices daily established and wired the world over are the real representative average prices, you might say, of all transactions, and I think it is the duty of the Savannah Board of Trade and the obligation of the industry, an obligation that the industry owes to every consumer and every dealer the world over in these products, and on that account the larger and more complete the transactions are over established boards of trade the more representative those transactions are of the entire

production, of the percentage of rosin in each grade as produced, and the more truly, I say, will the Savannah Board of Trade be accomplishing the purpose for which it was created of establishing daily official prices for the world and the more truly I think and fairly will the interests of all concerned be served. I think it is important, that broader aspect, and not merely those who are direct parties to the daily transactions but those who are dependent on the daily effect, that those should be considered as a duty that all concerned should recognize and if possible serve.

DR. GOLD: Thank you, very much.

(Witness excused.)

PRESIDING OFFICER GIFFORD: Mr. Speh.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Will you proceed with paragraph 3. Some have recently come in, and so for your benefit we are discussing paragraph 3 on page 12.

FURTHER TESTIMONY OF CARL F. SPEH,
JACKSONVILLE, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. SPEH: Paragraph 3 of Section 2, still under the method of limiting the volume of gum naval stores to be marketed, is what was formerly the conservation feature of the program.

It is so generally accepted that it is rare that you will find real objections or any sound, logical objection to a conservation program.

It has been very clearly distinguished that it requires an abnormally high market price in order to be able to make a profit out of the production of trees below a certain size. It is felt that that price

would be so high that we would lose our market. And the Forest Service over years of experience have found that in general, taking into consideration the adolescent stage of the tree, you might say, that a nine-inch diameter seems to be the dead line. A tree below nine inches produces far too little gum to make it profitable to work under normal conditions.

It is recognized that a comparison of individual trees, one nine-inch tree may produce far more than another nine-inch tree. It is entirely possible that you will find a nine-inch tree which will produce far less than a six-inch tree located under more favorable conditions, but in general the diameter limit has a direct bearing on the yield of gum.

However, inasmuch as this is a marketing agreement it could not be handled as a straight out conservation measure and it had to be brought in as a method of limitation, and, therefore, if it is handled in this way, namely, that they shall not market any gum turpentine or rosin produced from a tree under this size.

It is further recognized that there are some people who had made leases and based upon that, believed that they were going to be able to work all of the timber covered by that lease.

Some people had already hung faces on smaller size trees, and so there was no wish to penalize these people. We tried to confine it merely to the virgin faces, that is, the first year's face.

I might add the specifications in here are the ones usually accepted by the industry, that is, four and one-half feet from the ground is merely a measurement of what we refer to as breast height, and the diameter nine inches is the one generally accepted and recommended by the United States Forest Service.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: I presume that the Control Board would have no objection to having a representative of that service confer with them with respect to this provision?

MR. SPEH: Well, in fact we would recommend it and we have even gone this far. I believe the record of the earlier discussion will indicate that we recognized that there might be some unusual conditions, unusual circumstances where you would grant an exception to this rule. I was not sure whether it remained in there or not.

The original provision was that the exemption could be granted, for instance, there may be tracts of timber, the owner of which contemplates putting it on the market, and he has two possible sales, naval stores lease and use for pulpwood.

Under those conditions it is possible that you may want to sell that stuff and work it. The pulp people will take logs down considerably below nine inches. I believe they will go down as low as four inches. Therefore, there is a market. Under certain conditions it might be considered an unfair thing not to permit that man to turpentine timber below nine inches and, therefore, derive that income, and it has been suggested that in order to grant that exception it might be well to confer with the United States Forest Service and have them make an investigation to see if the granting of that exemption would fit in with the Forest Plan and if they recommended that the exemption be granted, then grant the exemption. If on the other hand they felt that it was purely an evasion, that it would not have a part of the further forest management plan, then they would recommend that there be no exemption granted.

That is not provided for in here, but I think it should be given serious consideration.

DR. GOLD: Mr. Speh, will you incorporate into the record copies of the work of the Forest Survey relating to the size of timber?

MR. SPEH: I will, yes, sir.

PRESIDING OFFICER GIFFORD: Those publications are government publications?

MR. SPEH: Yes, sir. I can't give them by reference, but Mr. Benedict, I think probably can. He is familiar with that work and a former member of the United States Forest Service.

PRESIDING OFFICER GIFFORD: Mr. Benedict, you have read Captain Eldredge's work on surveys?

MR. BENEDICT: Yes, sir.

PRESIDING OFFICER GIFFORD: He had a number of publications, I believe on the size of trees being faced generally in Florida.

MR. BENEDICT: Those are termed releases by the National Forest Survey Experiment Station, and they cover South Carolina, Unit No. 1, South Carolina; Units Nos. 1 and 2, Georgia; Units Nos. 1 and 2, Florida, and I think they are getting those in Alabama, Mississippi and Texas ready. The survey on the turpentine belt has been completed I think, but the releases covering the finals are not entirely published yet.

PRESIDING OFFICER GIFFORD: These publications will be made a part of the record by reference only.

MR. SPEH: Mr. Chairman, Mr. Benedict refers to the same publications to which Mr. Lockwood referred, and there are, I think, other publications, quite a number of publications that I was hoping Mr. Benedict would refer to regarding good forest practice in turpentining, and I was

trying to recall the exact date of those bulletins, the subject of which is to show that it is not good naval stores practice to work small trees, which is the basis for this recommendation.

MR. BENEDICT: One is termed, Naval Stores by Wyman. I don't remember the number of the bulletin.

MR. SPEH: With your permission, Mr. Chairman, we could introduce them as exhibits by reference, and I will be glad to look up the exact titles.

PRESIDING OFFICER GIFFORD: They will be made a part of the record by reference only.

DR. GOLD: Mr. Speh, what is the meaning of paragraph 3-b in this agreement?

MR. SPEH: As I stated, it was recognized that there are owners of small trees, have small trees under operation, and so this merely says that this shall not apply where the small trees have already been turpentined, that is, the turpentine and rosin produced from the gum coming from these faces already in operation February 20th, 1934, and that was the date when it was announced that the original license containing this feature would be made effective.

DR. GOLD: Is that the reason for the reference to the dates in paragraphs A and B?

MR. SPEH: It is, yes, sir.

MR. BARKALOW: Mr. Speh, that both paragraphs 2 and 3 contribute you said to the method of limitation and marketing,-- in marketing, and as such will tend to effectuate the policy of the Act? I believe you did show with respect to 2 that it would tend to effectuate the policy.

Do you feel that paragraph 3 will have the same effect?

MR. SPEH: I do, most decidedly.

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 3, Section 2?

MR. NIXON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Nixon.

MR. NIXON: Just as a matter of record, I notice 2 and 3 are not included in the order, and there will be a difference in the status here in the industry.

PRESIDING OFFICER GIFFORD: Your suggestion is that they should be included also in the order?

MR. NIXON: Well, my suggestion is that they be understood.

PRESIDING OFFICER GIFFORD: What is your opinion as to whether they should or should not be carried into the order?

MR. NIXON: I imagine it is left out of the order because you think it is not an enforceable provision.

DR. GOLD: Have you any opinion in regard to the desirability of a measure of this type?

MR. NIXON: No, I haven't.

MR. SPEH: Mr. Chairman, might I suggest that consideration be given to amend the order when you reach that stage, to include this same provision?

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 3?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will proceed to paragraph 4, Section 2.

MR. SPEH: Paragraph 4 refers to the issuing of tags which are to serve as identification of the volume of allotment, and at that point we wish to include an amendment -- offer an amendment to paragraph 4, line 1, now reading: "During each year", to be amended so as to read: "During each calendar year."

PRESIDING OFFICER GIFFORD: Four copies of that proposed amendment will be left with the reporter and they will be identified as Exhibit No.7 and made a part of the record.

(The document submitted by Mr. Speh, was marked "Exhibit No. 7" and is attached to this record.)

DR. GOLD: Mr. Speh, what is the purpose of the last sentence of this paragraph?

PRESIDING OFFICER GIFFORD: Before asking that question let's complete the question of this amendment so it will follow right after the offer.

DR. GOLD: Why do you offer the amendment that you have just given?

MR. SPEH: Inasmuch as the trade has for years been having in mind a naval stores year and inasmuch as we are in these marketing agreements and licenses now in effect, changed to a calendar year, it is thought there might be some misunderstanding as to what year is referred to, and so in order to clear that up we wanted to have it understood that it means the calendar year.

PRESIDING OFFICER GIFFORD: Is there any further discussion of that amendment?

(No response.)

PRESIDING OFFICER GIFFORD: If not, Mr. Gold, you may proceed with your question.

MR. BROWN: Paragraph 4 relates to the leasing of back rooms and to survey as identification of the release of electrons, and at that point we wish to include as requirement -- refer to requirements in paragraph 4, line 3, new reading: "During such year". So it reads at as to read: "During such calendar year."

QUESTION OUTSIDE SPEAKER: Does anyone at that proposed amendment will be left with the reporter now they will be identified as initial do?

and made a part of the record.

(The document referred to was marked "EXHIBIT NO. 7" and is attached to this record.)

MR. BOLTZ: Mr. Chad, what is the purpose of the last sentence of this paragraph?

(QUESTION OUTSIDE SPEAKER: Before anyone else questions Jay's complete the remains of this sentence as is will delay rings after the after.

MR. GOLD: Why do you offer the comments that you have just given?

MR. BROWN: Inasmuch as the Navy has for years been having in mind a small phone year and inasmuch as we are in there negotiating agreements and listening now in after", changed to a calendar year, it is thought might be some circumstances as to also just be extended to, and as in order to allow that by we needed to have it indicated that it means the calendar year.

(QUESTION OUTSIDE SPEAKER: Is there any further discussion on that amendment?

(No response.)

QUESTION OUTSIDE SPEAKER: If not, Mr. Brown, the Navy proposes its four questions.

DR. GOLD: Would you discuss the last sentence in that paragraph?

MR. SPEH: As explained --

MR. LOCKWOOD: Mr. Chairman, pardon me just a second.

PRESIDING OFFICER GIFFORD: Yes, Mr. Lockwood.

MR. LOCKWOOD: Are you discussing paragraph 4?

PRESIDING OFFICER GIFFORD: No, we are just beginning to discuss it.

MR. SPEH: As explained yesterday there are two classes of allotments, the so-called primary quota, which is given to a processor to take care of the turpentine and rosin which comes from gum produced by himself, and in addition to this a volume of gum produced by men in the woods, in which the operators are not of sufficient size in volume to justify owning a still, and, therefore, they are merely interested in selling their gum. They sell their gum to whatever market is available, and the buyer processes the gum at his own still.

This turpentine and rosin comes from a source different than the turpentine and rosin covered by a primary quota, is referred to as a secondary quota.

The source of supply of gum fluctuates. A processor may be buying from one man this year and buying from another man next year or an entirely different group, although in general throughout the year he buys from about the same group. The gum seller, being the man with whom he deals, may buy from one man this year and buy from another man next year, and so in order that this gum buyer may be able to market a volume consistent with the volume of gum that he has been buying we give him a secondary quota, and in order that the man that has sold gum may continue to find a ready market and identification of the gum making up that turpentine and rosin constituting the secondary quota, tags are issued.

The provision is that the Control Committee may send those tags direct to the gum seller. That is done for a matter of expediency and protection to the gum seller.

As I explained yesterday the practice is that if the gum seller gives instructions to the Control Committee specifying a definite address, then the gum tags are sent to that particular address, that address being the name any gum seller gave of some processor at such and such a post office.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this section?

MR. LOCKWOOD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Lockwood.

MR. LOCKWOOD: I was just going to ask, in view of the point that was raised yesterday of there being in the proposed marketing agreement no definition of the term "producer", whether such a definition has been made, this applies to a producer of crude gum.

MR. BARKALOW: Isn't it clear then that it refers to a producer of crude gum as distinguished from a producer of naval stores?

MR. LOCKWOOD: I understood from the statement yesterday that the marketing agreement did not embrace or include any control or regulation affecting the producer of crude gum, except when it was carried over and the title still remained in that producer, which made him a producer of naval stores. I may be wrong, but that was my understanding yesterday.

MR. BARKALOW: Is it not the intention here that the control goes to the producer of naval stores and the tag is simply to the crude producer as a matter of convenience?

MR. LOCKWOOD: It was not clear to me or I would not have asked the question.

The provision is that the Central Committee may, [illegible]
direct to the [illegible]. That is [illegible] a notary of expediency and
preparation to the [illegible].

As I explained yesterday, the question is [illegible] the [illegible]
[illegible] instructions to the Imperial Committee [illegible] a definite attitude
when the [illegible] to that particular [illegible], that attitude being
the same only [illegible] of some provision [illegible] which will [illegible]
action.

[illegible] QUESTION [illegible]: Is there any further discussion of this
question?

MR. [illegible]: Mr. Chairman.

QUESTION [illegible]: Mr. [illegible].

MR. [illegible]: I was just going to ask, in view of the point that
was raised yesterday of there being in the [illegible] something different
in definition of the term "producer", whether such a definition has been
made, this applies as a producer of crude gas.

MR. [illegible]: Isn't it clear that it refers to a [illegible] of
crude gas as distinguished from a [illegible] of water alone?

MR. [illegible]: I understand from the statement yesterday that the
operating agreement did not address or include any control or regulation
affecting the [illegible] of crude gas, simply that it was carried over and
the strike still remained in that [illegible], which [illegible] like a [illegible] of
[illegible] stores. I may be wrong, but that was my [illegible] yesterday.

MR. [illegible]: Is it not the intention [illegible] the pending [illegible]
[illegible] the purchase of [illegible] when the [illegible] is simply on the crude [illegible]
[illegible] a matter of [illegible]?

MR. [illegible]: It was not clear in me as I would [illegible] the [illegible]
[illegible].

I thought it might be well to have it cleared up.

MR. BARKALOW: I would like to ask Mr. Speh a question on that point, so that it can be cleared up.

Is it not true that the only limitations will be placed upon the producer of naval stores and will not be placed upon the producer of crude gum, but that tags may be sent direct to the producer of crude gum, if he so desires, or if he desires they may be sent to the producer of naval stores to be used by him for the producer of crude gum?

MR. SPEH: Yes, sir, that is, the secondary quota tags are really the property of the processor because they make the secondary quota, and as I stated, that secondary quota is derived from gum purchased from a large number of gum sellers, those referred to distinguished here as producers of crude gum. The crude gum sellers, as we pointed out yesterday, are not included in the definition of naval stores.

MR. LOCKWOOD: Then if he did not want to be included, would not want to be regulated and this is put into effect, he would not be included if he did not also produce naval stores.

MR. SPEH: Crude gum is not regulated at present. He can produce as much crude gum as he wishes and he can sell it to whomsoever he wishes.

We have found during the past year that there are quite a large number of operators who had sufficient timber, a sufficient number of faces to produce their allotments, but some of those faces were six and seven year faces.

We have also found that the cost of production of gum from these high faces was greater than what they could buy the crude gum for, and so in many cases they practically laid off of these high non-productive faces, and we know of some instances where they actually laid off small trees,

I thought it might be well to begin at eleven o'

MR. HUTCHINS: I would like to ask Dr. Dyer a question at this

point, so that it can be clarified.

Is it not true that the only limitations will be placed upon the

graduate or naval students and will not be placed upon the graduate of

civilian universities and colleges, but that they may be cast directly in the pipeline of

If he so desires, or if he desires his only may be sent to the Institute of

naval affairs to be used by him for the purposes of study that

MR. DYER: Yes, sir, that is, the university plants here are really

the property of the government because they have the necessary units, and

as I stated, that secondary course is derived from our graduates from a

large number of the military, those returned to civilian life as

graduates of study here. The study the military, as we pointed out yester-

day, are not included in the definition of naval affairs.

MR. HUTCHINS: Then if he did not want to be included, would not

want to be regulated and this is put into effect, it would not be included

if he did not also graduate naval study.

MR. DYER: Under the is not considered at present. We have studied

as much study as is right and to not call it to attention.

We have found during the past year that study are quite a

number of students who not military study, a multiplicity studies of

those to perform their missions, not some of them have more six and

seven year terms.

We have also found that the case of graduation of the line those

high ones are greater than what are right for the study for, and to it

may cause they practically fail all at times high non-graduates those,

as some of some instances were they actually just all small those,

and we know of some instances where they actually laid off these small trees, because they found that they could buy the gum cheaper than they could produce it themselves. So in those cases they bought the gum and had no interest in the tags whatever. They were going to use that gum in filling their primary quota. That was entirely proper because they had the set-up there to produce their primary quota.

MR. BARKALOW: Mr. Speh, is my view correct in that this is designed for the benefit of the producer of crude gum and not as a restriction on him, so that he will not have a restricted market for his gum?

MR. SPEH: It is, yes. I don't suppose I could improve upon that statement. I would not try to.

DR. KRESSMAN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Kressman.

DR. KRESSMAN: If crude gum is not included, then what is the use of having any tags?

MR. SPEH: We could give over to the processor his secondary quota in the form of turpentine and rosin tags, and then he could send them back again to be exchanged for crude gum tags. That merely served an identification of the volume of turpentine and rosin coming under the secondary quota, but inasmuch as that is derived from five barrels of crude gum you have to break it down into the individual tags.

Now, it is done with the idea of helping this gum seller find a ready market for his stuff. Without that, why, of course, the gum seller would merely use the secondary tags in order to shop around and buy gum at the cheapest possible price.

DR. KRESSMAN: I was thinking of the case that Mr. McIntosh brought up, if crude gum is not naval stores, why, then there is absolutely no evasion of any part of the Act for crude gum to be marketed and shipped anywhere in tank cars.

MR. SPEH: No, sir.

DR. KRESSMAN: And processed somewhere else?

MR. SPEH: Well now, when you come to processing somewhere else --

DR. KRESSMAN: Well, as long as it is produced and remained intrastate, suppose crude gum is shipped in any number of tank cars to a large soap factory and the rosin is used in that factory and the turpentine is sold in the same state that the soap factory is located in, there is no control whatsoever over that.

MR. SPEH: There is an economic problem to be faced. If that should happen he would soon depress the rosin market to the extent that there would not be an incentive to move gum.

DR. KRESSMAN: Well, in view of the fact that crude gum moves under a lower rate and that the rate on turpentine is ordinarily 70 percent or more higher than the rate on rosin, in the form of crude gum your turpentine would move on a lower rate.

MR. SPEH: Correct, but how about your water, trash, bits of bark and dirt?

DR. KRESSMAN: The saving on the turpentine rate would probably more than make that up.

PRESIDING OFFICER GIFFORD: Gentlemen, this just shows where questions will lead to in the record.

The discussion that Dr. Kressman has just brought forth is one that we want to know about. Therefore, instead of asking a man the question

who has already expressed his opinion, we would rather in the discussion of this for you to discuss and tell us what you think about it and thereby we will get your opinion and get a record from which we can act and not be bound by the answer of the witness; in other words, we will have your evidence to consider on that point. So, if you will just bear that in mind you can help us, as with that in the record we may get the full effect of what these provisions mean by affirmative testimony.

Is there anything further on this section?

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: I would like to ask Mr. Speh one question.

PRESIDING OFFICER GIFFORD: Very well, sir.

MR. BOYKIN: Mr. Speh, did not the old marketing agreement carry a provision whereby the gum seller could not sell his crude gum unless he had what is known as G. E. tags or sometimes we called them General Electric tags?

MR. SPEH: No, sir.

MR. BOYKIN: It did not?

MR. SPEH: No, sir.

MR. BOYKIN: Are you certain?

MR. SPEH: Yes, I am. I may be mistaken, of course, but I can't recall any such provision in there.

MR. BOYKIN: What was the purpose of issuing the G. E. tags?

MR. SPEH: Well, the purpose was, as we have gone over several times, in order to permit the processor buying crude gum to have a turpentine and rosin tag placed on that package, to indicate that it was produced and being marketed under the secondary quota. He could not get a G. E. tag with-

out having surrendered an equivalent number of crude tags, and the crude gum tags were issued under the secondary quota. Thereby you retain complete control of the volume of turpentine and rosin moving under the secondary quota.

PRESIDING OFFICER GIFFORD: Is that provision carried into this agreement? If it isn't in this agreement, of course, we are not interested in it. If it is relevant we would like to have it discussed later as to how you think that should be handled.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: I think we are making a mountain out of a mole hill with reference to this uncleaned crude gum shipped out of the state.

This agreement as I understand it is only proposed for a year. The unit selling price of rosin and turpentine would necessarily have to go high in order to make it profitable to ship uncleaned gum out of this state and make an investment in foreign states to clean the gum after it gets there in order to put it in a position to be sold.

PRESIDING OFFICER GIFFORD: Is there anything further on this subject?

MR. ANDERSON: I would like to say a word.

PRESIDING OFFICER GIFFORD: Have you been sworn?

MR. ANDERSON: No, sir.

PRESIDING OFFICER GIFFORD: Will you please come forward and be sworn.

MR. ANDERSON: Yes, sir.

TESTIMONY OF F. L. ANDERSON
CHATOM, ALABAMA,
REPRESENTING SELF AND PRODUCERS
OF WASHINGTON COUNTY, ALA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you give us your name please for the record?

MR. ANDERSON: My name is F. L. Anderson.

PRESIDING OFFICER GIFFORD: And your address?

MR. ANDERSON: Chatom, Alabama.

PRESIDING OFFICER GIFFORD: Are you a producer?

MR. ANDERSON: I am.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. ANDERSON: I want to ask this fellow over here -- he asked this man, Mr. Speh, did they have any restrictions on the crude gum seller with that provision in there, but heretofore it has had a restriction. They issued tags and it was our general understanding that it was absolutely a violation of the law for us to sell a barrel of raw crude gum to a man--

MR. TURREGANO: Louder please, we can't hear a word you say.

MR. ANDERSON: All right. We considered it was a violation of the law to sell a barrel of crude turpentine to a man, and that it was a violation of the law for him to buy it, and, therefore, they would buy at one price, they would give you, say, four and one-half net and if you didn't have a tag they would give you three and one-half net and then keep it under cover, and absolutely we did have a restriction on these crude gum sellers. They could not sell because they just allowed them so many tags and that was all they allowed them to produce and sell unless they bootlegged it, and by any way that they could sell, but they would sell it at that price.

Now, I had a customer, he made ten barrels and he had five tags to sell. Well, I would give him four and one-half for the five barrels, four and one-half net, and then they dropped down and said, "I will take this off of your hands now at three and one-half."

You understand, I did not do anything of that, because I do not buy any. I bought from one man as long as he had it, but I do know of people that did do that. They had the tags. Instead of turning them into the pool they would keep these extra tags and buy that stuff and it did restrict the crude gum seller that way.

Mr. Speh never did say whether it did or not, but it absolutely did under the old agreement, and I have read this and it is similar to it.

PRESIDING OFFICER GIFFORD: Your opinion is then, that it will have a direct effect upon the crude gum producer?

MR. ANDERSON: Absolutely.

PRESIDING OFFICER GIFFORD: And even though the agreement and the statements of the proponents of the agreement are that it is not intended to control him?

MR. ANDERSON: Yes, sir.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Is it not true when you estimate the number of tags to go to processors to be used by gum producers, that you have taken into consideration an amount which will adequately take care of the crude gum produced?

MR. SPEH: In arranging for the secondary quota we have the reports of the processors and it figures out that about 10 percent --

I think it is a fraction -- about 10.4 percent of the gum turpentine and rosin is processed from purchased gum and that volume is set aside as the secondary quota; that percentage of the total volume to be marketed is set aside as the secondary quota and broken down in order to cover the applications made by processors for those secondary quotas, and there again the tags are broken down into gum tags to cover the individual gum seller; so I think it does very, very closely approach the volume that the gum seller contributes to the volume of gum sold the previous year.

MR. BARKALOW: You have held down, have you not, the primary allotment to the processor in order that the overhead amount fixed to be marketed will include enough of the crude gum --

MR. SPEH: Yes, sir.

MR. BARKALOW: (Continuing) -- to take care of it?

MR. SPEH: Yes, sir.

MR. BARKALOW: Thank you.

PRESIDING OFFICER GIFFORD: Is there anything further under paragraph 4?

MR. PRINE: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Were you sworn yesterday?

MR. PRINE: No, sir.

PRESIDING OFFICER GIFFORD: Will you be sworn, please?

MR. PRINE: Yes, sir.

TESTIMONY OF J. R. PRINE,
SUMMERDALE, ALABAMA,
REPRESENTING J. R. PRINE, J. C. PRINE, SR.,
AND J. C. PRINE, JR.,
CITRONELLE, ALABAMA, AND
BALDWIN COUNTY, ALABAMA

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you give us your name, please, for the record?

MR. PRINE: J. R. Prine.

PRESIDING OFFICER GIFFORD: J. R. --

MR. PRINE: J. R. Prine.

PRESIDING OFFICER GIFFORD: And your address, please?

MR. PRINE: Summerdale, Alabama.

PRESIDING OFFICER GIFFORD: Summerdale?

MR. PRINE: Yes, sir, Summerdale.

I would like to ask Mr. Speh a question.

PRESIDING OFFICER GIFFORD: All right, what is the question?

MR. PRINE: I would like to ask Mr. Speh, representing the Control Committee that if the crude gum man is not considered in this agreement why there would be a certain portion of this budget allotted and used for this tagging process, if he is not considered in it, and if you set the crop, you say the crop is to be set at, say, 450,000 units, why pull out a certain percentage out of this 450,000 to be allotted to the gum seller if he is not considered in here.

PRESIDING OFFICER GIFFORD: Will you answer the question, Mr. Speh?

MR. SPEH: An allotment is not made to the crude gum seller. We have repeatedly stated that we are regulating naval stores, namely, turpentine and rosin, which turpentine and rosin is divided into two major groups, the primary quota and the secondary quota. Therefore, when we make the allotment to which you refer it is made to the processor in the form of the secondary quota of turpentine and rosin, and not gum.

PRESIDING OFFICER GIFFORD: Did you understand the question, Mr. Speh?

MR. SPEH: I don't think I can answer it any clearer other than merely to repeat that the allotment is made in the form of the secondary quota of turpentine and rosin, and it is made to the processor to keep --

to take care of that turpentine and rosin which he does market, which is produced from a class of gum different than that gum, obtained from a source different from that under which he is marketing his turpentine and rosin produced from his own production.

MR. PRINE: The point I want to get at though is, where this G. E. tag comes from, would it come out of the 450,000?

MR. SPEH: Yes, sir.

MR. PRINE: Well, he not being considered in this, how would he be entitled to share with us when he is not considered in this?

MR. SPEH: When who is not considered?

MR. PRINE: The crude gum seller.

MR. BARKALOW: Is it not true, Mr. Speh, that what we are seeking to fix under the law is the total amount of naval stores which can be marketed?

MR. SPEH: Yes, sir.

MR. BARKALOW: Now then, in order to see that the amount is able to be distributed you have taken the total amount which can be marketed and divided it up into two allotments, one to the processor who has his own gum for his own use and another for the processor to take and process the crude gum with, is that not true?

MR. SPEH: Yes, sir.

MR. PRINE: But where the tags are going to revert back to the pool. I don't see how that is.

PRESIDING OFFICER GIFFORD: Could you explain that to him, Mr. Speh?

MR. SPEH: I must be rather dense. I cannot see how I can answer it other than I have repeatedly said. It is an allotment --

MR. PRINE: It is not clear to me, if it is an allotment, it would come out of this 450,000 units, would it not?

PRESIDING OFFICER GIFFORD: Is that the purpose of this paragraph, to do that thing, Mr. Speh? In other words, why do you want to give the producer an allotment at all, the producer of crude gum?

MR. SPEH: We do not give an allotment to the producer of crude gum.

MR. PRINE: Then on this basis when you start out with it, why cut him if he didn't have an allotment.

MR. SPEH: We do not have anything to do with the producer of crude gum.

MR. PRINE: In the future.

MR. SPEH: In the past, and I only contact --

PRESIDING OFFICER GIFFORD: Now, gentlemen, don't disturb the witness please. This is confusing enough. Will you please take your chairs.

Evidently it is not clear, the crude gum producers' status in reference to allotments and in reference to tags.

Now, state, Mr. Speh, for the purpose of the record please, that as the proponents understand it and propose it in this marketing agreement.

MR. SPEH: We dealt first upon the total volume of gum turpentine and gum rosin to be marketed, and after making certain deductions in order to take care of special cases such as new processors, you have left a definite volume of gum turpentine and rosin to be marketed. That is divided into two major divisions, the one that goes to make up the primary quota of a processor, and that primary quota of the processor represents the turpentine and rosin which the producers to market from gum producedby himself.

There is another source of supply of gum, namely, purchased gum. That also produces turpentine and rosin identical in character with the

turpentine and rosin produced from the processors' primary quota or his own operations.

There is no means of distinguishing turpentine and rosin. The turpentine and rosin is mixed with his own turpentine. He makes no distinction. It is marketed in the same manner; it is sold for the same price; it is shipped in the same type of container, the same package. It undergoes the same charges in handling, storage and insurance. It is graded the same way. Therefore it is identical.

Now, it does not represent gum that he could produce from his own operations. One of the requirements of the primary quota is that he must be equipped with timber to produce that. If you gave him the total of his allotment including his primary quota, plus this overage of secondary quota, he could not comply with those conditions because he would not have the timber to produce that total volume. Therefore, you have to segregate it and give it some other term. We refer to it as the secondary quota, and we recognize that in order to be entitled to this secondary quota, he does not have to provide himself with timber to produce the crude gum. It is recognized that his source of supply of raw material is purchased gum. That is the only difference. You have to limit the processor to his division of primary and secondary quota. If it is the custom of the processor to obtain his supply of gum from other than his own operations, he gets no secondary quota. He is not entitled to it.

MR. BARKALOW: Mr. Speh, there was reference made here to a pool. I did not quite understand that. I see no pool set up in this agreement. And also, there was something with respect to an exchange.

MR. SPEH: I think the gentleman probably had in mind this, that the provision of the current license is that where a processor receives

an allotment and he can justify that allotment by having his base figure and having sufficient timber and finances to produce his allotment, he is of course entitled to it.

If, for one reason or another, whether a storm or labor conditions, possibly he does not want to be as big an operator and decides he is not going to or cannot produce his full quota, it is then provided that that overage, those tags of that volume of allotment that he does not require go back to the major pool and, therefore, you have some left to divide among those people who do require some additional allotments.

I think the gentleman refers to that pool.

MR. BARKALOW: Well now, when you say "pool" you mean it goes back into the total figure of that which can be marketed?

MR. SPEH: Yes, sir.

MR. BARKALOW: There is no pool really?

MR. SPEH: There is no real pool, no, sir.

Now then, the exchange, as I said, the secondary quota allotment is made in terms of turpentine and rosin, but for the sake of convenience we immediately translate it into terms of crude gum by considering five barrels of crude gum as being the equivalent of one turpentine and rosin as defined in the definition of units. Therefore, the secondary quota in the form of crude tags is for the convenience and aid to the processor in the purchase of that crude gum. Inasmuch as he is required to attach to the package of turpentine a turpentine tag and to the package of rosin a rosin tag, he must procure those tags, and the only way in which he can procure those tags is to show his right to that volume of the secondary quota. He establishes this by returning to us his crude gum tags and we exchange them on the basis, for each five crude gum tags he sends us we send him one turpentine and three and one-third rosin tags.

Now, in order to distinguish that tag from the regular tag given to him under his primary quota we have "G. E." on there, meaning "Gum Exchange." It merely shows that that was a turpentine and rosin tag not issued to that processor under his primary quota.

It also is a protection against the feature whereby a processor receiving tags in excess of what he can use, cannot turn them over to some other processor, that we require him to have his processor number on there. Under this it may be that a processor will buy his gum from somebody else than he has been buying in the past and he can receive crude gum tags that pass into the hands of the producer from some other processor.

PRESIDING OFFICER CLIFFORD: Are there any further questions?

MR. ANDERSON: Mr. Chairman, the statement I wanted to make was, if you don't give this crude gum seller a chance in there in which you have set aside 10 percent of that, well, it really was not enough to cover what they produced in my locality, the 10 percent was not enough, and they were cut down considerably to take care of it. It really prevented them from making what they were making and selling. Some fellows down there do not own any timber, own a still, and they buy from these crude gum sellers and that is the only way they derive their tags, get these G. E. tags for rosin tags.

This pool that I mentioned awhile ago, it was in there last year. Say, for instance, my four years' average went over my production this year and I had a surplus of tags. It was required of me to send them back to the Committee, the Control Committee, which they called the pool last year, and those extra tags would be distributed in October back among other fellows in distress, but this 10 percent set aside for these

crude gum sellers was not enough. It cut their production, and above all them people should be taken care of because it means clothes and food for them. It don't mean money, because they absolutely don't have enough to sustain life and if they don't sell all they produce, some of them don't live.

PRESIDING OFFICER GIFFORD: In other words, you feel that if this plan should be finally adopted it should be based upon a higher percentage of reserve than 10 percent?

MR. ANDERSON: Yes, sir.

PRESIDING OFFICER GIFFORD: What percentage would you suggest?

MR. ANDERSON: Well, I am going to take my own account. This fellow that I did buy from, he produced 18 barrels of gum a year, and it was required of him and me too, to send in to the Control Committee how many barrels of crude gum I bought and who from and his address, and then they took that from what I produced and sold. They took his average and then they issued him 11 tags for this year which cut him out of 5 barrels of crude gum to sell.

PRESIDING OFFICER GIFFORD: I understand that is the reason of it, but now if there should be such a provision in the agreement you feel that it would not work out?

MR. ANDERSON: Well, I feel like the allotment, his average should be at least 20 percent.

PRESIDING OFFICER GIFFORD: I see. Thank you.

Is there any further discussion on No. 4?

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: On what do you expect to base for this agreement the amount to the crude gum producers? Have you considered their ability

to produce? Is there a source from which you could get facts which might justify an increase in the 10 percent?

You have heard here of one case where a man did not get enough apparently.

Is there any way to assemble all of those facts so that you could have an amount which would take care of the crude gum producer adequately?

MR. SPEH: The form of application sent to the processor provides that he should report the names and addresses for the purpose of checking the number of barrels of crude gum which he purchased during the previous year and the number of barrels of turpentine and rosin which he processed from purchased gum. That makes up the base for that secondary quota for that processor.

MR. BARKALOW: That will also be used under the new agreement?

MR. SPEH: The form of application is considered to be about the same.

Now then, this gum producer in the woods is no different than the processor. When prices are down he is not very much interested in producing crude gum. When prices are up he feels that his work is better repaid and he is more anxious to go out and work.

It is not a particularly dependable source of supply either. It fluctuates greatly. He produces at this season of the year when he is maybe engaged in some other part of his farm, may be raising cotton or something. Later on if he has time he or his family will go out and work a few trees and produce a little gum. It fluctuates widely. Even the gum buyer admits that he has been very lax because he hasn't felt that he was ever going to be called upon to be provided with records as to from whom he had purchased gum.

So, in a good many cases the processor reporting did the very best he could. He gave the very best names and best figures he had. In some cases the processor knew about how many barrels of gum he bought. He was not sure from whom he bought it, and so he put down any name that entered into his head, and that is the reason, as a means of checking these, that is the reason we decided that the crude gum tags should go direct to the gum seller.

The only basis for determining the volume to be set aside is the percentage of turpentine and rosin produced from crude gum as compared with the percentage of turpentine and rosin produced from the -- I mean purchased -- I mean produced from purchased gum as compared to the turpentine and rosin produced from gum the operator produced himself.

We have only had one source of information, namely, the report sent to us. We tried our best to check those and I think by cooperation on the part of the processors we got better reports.

Some processors in the past have absolutely refused to give us those names. Some processors have done everything they could to cooperate with that. However, you will find some who have done everything they can to make it as difficult as possible to make a satisfactory secondary quota, but I will say this, that I sincerely believe that this last year it worked out much more satisfactorily than it did the first year because we did have this check closer to the gum seller.

Now, there are quite a number of gum sellers who make certain statements when you pin them down, why, they admit it was more or less of a guess that they were expressing, that they were expressing a wish, a hope rather than stating facts. We have had that experience in the office quite a bit. I don't say it was intentional; it is just simply something

again that they are even less apt to keep a record of the volume of gum they have sold.

Some gum sellers sell in small barrels, 33 gallon barrels. All of these allotments of secondary quotas are based upon 50 gallon barrels of crude gum. While a man might have sold 18 barrels of 33 gallons of crude gum, naturally when that volume of turpentine and rosin is split to 50 gallon barrels, why, it is going to be smaller, a smaller number of barrels, and those are just calculations that have been made.

We have had quite a number of complaints but I really believe bearing in mind the number of people involved, the lack of records on the part of those people, I honestly believe that the thing has worked out very satisfactory.

Now, if the 10 percent has been too low it has been merely too low because of the fault of the information furnished us by the processor.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: I think Mr. Barkalow's question has not been fully answered yet.

In my section of the county, southeast Mississippi and southwest Alabama most processors have their own operation either upon their own timber or upon leased timber and they do not buy from numerous farmers.

In the old agreement, the original agreement I should say, the basis of allocation was a four year average of what the processor himself had processed from his own operation. At the time he was required to furnish that he was also required to furnish a list of the men from whom he had purchased crude gum the year preceding, not four years preceding, but one year preceding.

I am sure that there may have been some attempt to evade furnishing a true list and I am practically certain that human nature would make some men try to shade that list anticipating that they might be better situated in the long run, but I do not accept the statement that universally the men who were in the crude gum buying belt did not keep records, or that they did not furnish to the Control Committee or those in power, a true and correct copy of what they had sold.

The factors' records are open. There are a few processors in my section of the country who do not sell through factors. Practically all of them sell through factors. Therefore, it was an easy matter for the Control Committee or anybody in authority to check the factors' records as against the processors' records and he could determine as to whether or not that man had made a fairly accurate statement.

In saying this, I am not saying that Mr. Speh made any misstatement. I am trying to answer the gentleman's question over there in order that he may have the figure fully.

The crude man has suffered unduly in my opinion. In other words, it was possible under the old agreement for the processor, using the four year average as the basis of allotment, to receive an increase in the amount which he could process himself and at the same time the crude gum seller who had sold him could, the year previous, would have to decrease his output.

MR. BARKALOW: Would you suggest this base be lengthened from one year to some other figure?

MR. BOYKIN: I would have two years ago under the original agreement. If the four year average should have applied to the producer then I think it should have applied to the gum seller.

But now, of course, the basis of allocation in the proposed agreement is after all only a continuation of the four year average and as amended last year, I certainly would say this, that in view of circumstances which have already developed through which the gum sellers have been hurt in my opinion worse than anybody else, my opinion is a larger amount should be set aside out of crops desired to be marketed, in order to take care of him.

PRESIDING OFFICER GIFFORD: We will have an intermission of five minutes. You cannot talk against that band.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: At this time Dr. Gold has a matter he would like to take up.

DR. GOLD: Mr. Chairman, I would like to ask Mr. McCormack of the wood industry to make a statement.

PRESIDING OFFICER GIFFORD: Mr. McCormack was sworn yesterday.

FURTHER TESTIMONY OF J. H. MC CORMACK
NEWPORT INDUSTRIES, INC.
PENSACOLA, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. MC CORMACK: In making this statement I am not speaking for the wood industry, I am speaking for the Newport Wood Industries, Inc., a producer in the wood industry.

We do not recognize the authority of the Secretary of Agriculture to regulate the wood naval stores industry.

However, we wish to state that we do not want to stand in the way of any program that the gum industry may believe suitable for it. As in the past, we are willing to cooperate in a constructive program for the good of the entire naval stores industry.

In the discussions to date an allotment of 475,000 to 500,000 units have been suggested for the gum industry. If such a program were contemplated and carried out, we would not anticipate a production for the entire wood industry in excess of 125,000 barrels of turpentine, and speaking only for my own company, we would be willing to cooperate with the administration on such a program.

Dr. Gold: At this time I would like to call on Mr. Nixon.

FURTHER TESTIMONY OF A. B. NIXON
WILMINGTON, DELAWARE
representing
HERCULES POWDER COMPANY

(The witness was previously duly sworn by the Presiding Officer.

DR. GOLD: Mr. Nixon, you heard the statement that Mr. McCormack has just made?

MR. NIXON: Yes, sir.

DR. GOLD: Would you care to make any statement in regard to your own position?

MR. NIXON: I think my position is essentially as it has been in the last two years when the gum industry has been under control, and I think our position speaks for itself.

We have done the best we could to cooperate and help them in that move.

Our company cannot and will not sign the present agreement. What they will do with the agreement as finally proposed, I cannot answer, but whether or not we do or do not sign it, I can say that we will continue to cooperate the best we can, considering our own interests, of course, as we will have to, but I would say we will continue to cooperate as we have heretofore.

PRESIDING OFFICER CLIFFORD: Any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: Thank you, Mr. Nixon.

(Witness excused.)

DR. GOLD: I would like to call on Dr. Kressman.

FURTHER TESTIMONY OF F. W. KRESSMAN
LAUREL, MISSISSIPPI
representing
CONTINENTAL TURPENTINE & ROSIN CORPORATION.

(The witness was previously duly sworn by the Presiding Officer.

DR. GOLD: Dr. Kressman has been sworn.

Now, Dr. Kressman, you are a producer of steam distilled turpentine and rosin?

DR. KRESSMAN: Yes. Speaking for the Continental Turpentine & Rosin Corporation, we also would not sign the present agreement as proposed. We would continue to cooperate as we have been doing, and we fully subscribe to what Mr. Nixon has said in that respect.

DR. GOLD: For the purpose of the record we should like to be able to say what percentage of the wood industry has spoken on this subject.

Mr. Spitz, will you make a statement as to the approximate percentage of the wood production which has spoken on this subject?

MR. SPITZ: I think about between 85 and 90 per cent.

PRESIDING OFFICER GIFFORD: Referring back to page 13 of the proposed agreement, we were discussing No. 4 ---

MR. REESE: Mr. Chairman, may I interrupt to make a correction in the testimony I gave here on Thursday? I am asking this privilege because I have a noon engagement and can stay just a few moments longer.

PRESIDING OFFICER GIFFORD: That is all right, Mr. Reese. Just proceed.

MR. REESE: In discussing the method of doing business of the Downing Company upon the question of whether or not our business was inter or intrastate, I think I made a mistake in my testimony, as I recall it.

In response to a question Mr. Barkalow asked, I stated that there was no breaking up of the original package in which the commodity left the still. I was thinking of rosin.

Mr. Speh in his testimony yesterday explained that turpentine in certain places or certain percentages of turpentine is unloaded at the port from the barrel into a tank, and is held in the tank awaiting shipment. That is the way with all of the turpentine that goes into Brunswick. That is the way it is handled. We do not carry turpentine in barrels to any appreciable extent, so that all of this is inexplicably mingled and made from gum that comes in there from all sources. There is no such thing as identifying the same barrel of turpentine that goes into the tank when we take a barrel of turpentine out of barrel or tank car or any other container.

The point is, and I do not think it is important, that I undertook to make you understand on Thursday that the material itself came direct at the port, stayed there an indefinite time and under our system this is not true, except as to Brunswick, because under our system of doing business the turpentine is the property of the Columbia Naval Stores Company when it goes in the tank.

MR. BARKALOW: Mr. Reese, would you like to state the percentage of turpentine which as you say goes into the tank and becomes mingled, which does move in interstate commerce?

MR. REESE: Mr. Barkalow, this is not perhaps absolutely accurate, but for the sake of the record I will say that practically all of it moves in

interstate commerce or foreign commerce eventually.

MR. BARKALOW: And the same thing is also true of the rosin?

MR. REESE: The same thing is also true of the rosin. Very little rosin or turpentine that is carried to Brunswick is sold in Georgia. The consuming rosin plants in Georgia of any significance are located at Valdosta and Savannah, as I understand it. What little domestic consumption of turpentine there is is insignificant, I mean out of Brunswick.

But, of course, my point is that until after the turpentine and rosin becomes the property of the Columbia Naval Stores Company there is in the very nature of things, and can be no interstate or foreign commerce connected with it.

MR. BARKALOW: Would you care to state, Mr. Reese, in what way you get title to it?

MR. REESE: We do not get title. We sell the property as the property of the producer and account to the producer for the sale. The title never vests in us. We hold it as a pledgee and a pledgee with the right to sell, and we sell it for him.

MR. BARKALOW: I guess I misunderstood your statement that you owned the turpentine and the rosin. As I caught it you said "We own it".

MR. REESE: "We own it"? Of course, if I used the expression "we", I meant as representing Columbia. I did not mean to say the legal title to the property ever vested in us, because it does not.

MR. BARKALOW: But it does vest in Columbia Naval Stores as dealers?

MR. REESE: After the sale.

MR. BARKALOW: After the sale?

MR. REESE: Yes.

PRESIDING OFFICER GIFFORD: Is there any further discussion as to paragraph 4 on page 13?

(No response.)

PRESIDING OFFICER GIFFORD: Gentlemen, I just feel as though we were not getting any place this morning on account of the noise and confusion, and inasmuch as we are going to have to continue this hearing into the first of the week, anyhow, I believe it would be gaining time perhaps, and at least make a better record if we adjourn at this time until Monday morning at 9:30 o'clock. We will adjourn to reconvene in this hall at 9:30 o'clock next Monday morning.

DR. GOLD: Mr. Chairman, I have just one request.

It is very important to us as we have expressed perhaps too often, that we have an adequate expression on each subject by the industry. We want to know how the industry feels on each subject. So we want to make a very special request that you be here in greater numbers and help us in every way to get the best picture of this industry that we can to take back with us to Washington.

PRESIDING OFFICER GIFFORD: Before we adjourn, gentlemen, I have been requested to read this telegram at this point:

"The naval stores industry is standing on solid foundation. Now that we have experienced sad failures of artificial price fixing please let's do not try another one. We and majority of processors of this section oppose any form of agreement. We think it against future welfare of industry.

(Signed) "Charles Dixon & Company
"Dixon Industries, Inc."

(Thereupon, at 12:00 o'clock noon, the hearing was adjourned until 9:30 o'clock a. m., November 4th, 1935.)

BEFORE THE SECRETARY OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

In re:	:	Docket No. A.8 - 0.8.
Hearing with reference to	:	
PROPOSED MARKETING AGREEMENT and	:	Naval Stores.
PROPOSED ORDER for	:	
	:	Jacksonville, Fla.
HANDLERS OF NAVAL STORES.	:	

Monday, November 4, 1935,
Mayflower Hotel,
Jacksonville, Florida.

Hearing resumed pursuant to adjournment, at 9:30 a.m. PRESENT: Same as before.

P R O C E E D I N G S

PRESIDING OFFICER GIFFORD: Let's come to order.

The further hearing of this matter will be adjourned from the roof garden ball room in the Mayflower Hotel, Jacksonville, Florida, to the Assembly Room in the Mayflower Hotel, Jacksonville, Florida, and the further hearing is directed to proceed.

At the close Saturday we were on Article IV. We had just completed the discussion of Paragraph 4, Article IV, on page 13.

Is there anything further that you desire to develop under Paragraph 4?

(No response.)

PRESIDING OFFICER GIFFORD: Mr. Speh, if you would be more comfortable you can pull up a chair and sit down and you will not have to stand up all day.

On page 13, we had just finished Paragraph 4.

If there is nothing further on that paragraph, we will take up Paragraph 5, which has to do with the supplying of tags.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: Will you discuss briefly the meaning of Paragraph 5?

MR. SPEH: Yes, sir.

FURTHER TESTIMONY OF CARL FRANK SPEH,
REPRESENTING THE CONTROL COMMITTEE,
JACKSONVILLE, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. SPEH: The first portion of paragraph 5 takes into consideration the fact that the processor may have on hand at midnight of December 31, 1935, a stock of turpentine and rosin.

Inasmuch as the tag system contemplates that each package moving into interstate or foreign commerce be tagged and identified with a tag, it was deemed necessary that tags be provided to identify this carry-over or stock at the end of the year.

PRESIDING OFFICER GIFFORD: We are on page 13, gentlemen.

This is off the record, now.

(There was a discussion off the record.)

PRESIDING OFFICER GIFFORD: All right, let's proceed.

MR. SPEH: A similar provision has been in the marketing agreement and license, the only difference being that whereas this provision in the present license sets up the number of tags to be so provided, based upon the carry-over under an allotment.

This provision throws it wide open, so that it brings us back to the condition existing when the original marketing agreement was put into effect, namely, that a sufficient number of tags be provided to take care of the entire carry-over of a processor, whether such carry-over had been produced within his previous quota or not.

The second refers to the--

DR. GOLD: Just a moment, what is the purpose of such a provision?

MR. SPEH: So as to enable the carrying out of the provision that all turpentine and rosin--might I correct that?

That all gum turpentine and rosin shall move under identifying tags, whether that gum turpentine and rosin be produced under a new allotment or whether it be carried over from the previous year.

DR. GOLD: In other words, this is the provision to carry out the purpose of this whole article, the limitation of the total amount to be marketed?

MR. SPEH: It is.

DR. GOLD: It provides a method of identifying that portion to be marketed of stocks-on-hand as of December 31?

MR. SPEH: It does.

DR. GOLD: Thank you.

MR. BANKALOW: Mr. Speh, do you expect that there will now be larger stocks on hand, in view of the fact that there has been no license for some time?

MR. SPEH: From all the information coming to us the present prices have been conducive of moving stuff from the points of production to the ports and putting it on the market. Just as long as the loan was available stuff was moved into these concentration points for the purpose of putting it under the loan. When the loan ceased to be available the market was such that the producers continued to move their stuff into ports.

And I say, from all the information available to us, the stocks in the hands of producers /is small and therefore this is not working any, this is not a provision which would tend to defeat the purpose due to excessive stocks, but merely aid in carrying out the provision regarding tags.

I think it is correct to state that the stocks in the woods are probably below normal.

MR. BARKALOW: Is it not true that the amount which is set aside for these tags will be deducted from that which may be produced for the year so that your overhead figure will take into account the stocks on hand?

MR. SPEH: The stocks on hand taken into consideration in setting the total volume to be marketed for the year.

MR. BARKALOW: Well, now--

MR. SPEH: In other words, your final figure is the total available supply. You deduct them from that figure your stock on hand and add to it what you consider to be normal carry-over. The resulting figure would indicate the volume needed to be produced in your crop in order to make available a sufficient supply to meet requirements of the consumer, and prices which would be below parity.

MR. BARKALOW: You understand that as to the amount which may be allotted the system must be devised in such a way that it is equitable to all those who engaged in the business.

MR. SPEH: I do.

MR. BARKALOW: Well, do you feel that there may be, that it may be equitable, in that a man who has had a large stock on hand has contributed to the fact that there will be a small amount to be allotted, whereas, the man who has no stock on hand has not got down to the total of the amount which is to be allotted?

MR. SPEH: That is compensated for by the fact that were the stock in the hands of another producer it would still be available and would have to be taken into consideration in the total volume to be made

available for the next year. That is, instead of 1,000 barrels being in the hands of the producer who first had received the tags that the same 1,000 barrels might be in the hands of a distributor or other consumer and it would have to be taken into consideration in setting your next year's crop, anyway.

MR. BANKALOW: Well, if it had not been produced at all, if the trees had not been cut and made to produce in excess during this time you would not have that amount on hand, would you?

MR. SPEH: That is true, yes, sir.

MR. BANKALOW: Then don't you feel that the man who did cut the trees in the time when he had no license and hence has piled up his stock on hand has made the total amount of stock on hand greater than it would have been, and hence you do not have as much left to divide up among those who did not do that?

MR. SPEH: I can see that point and I believe it would be of sufficient -- I think it would carry sufficient weight if that stock was larger, but as near as we can tell that stock is small.

Now, there are quite a number of producers--well, there are some producers who have been carrying stocks for several years in the woods or at some other points, and we had stocks on hand to take into consideration for those at the beginning of this year just the same as at the beginning of 1934, and those same stocks entered into the source of the crop to be marketed for both those years.

We find also the fact that on this stuff that is now under government loan was produced under tags, and so while it is stock nevertheless it is merely a representation of the processor's judgment in whether he should market or carry over as stock, and yet the withholding of that stuff from the market has helped those who did market to get better prices, so that while he might benefit to the extent of getting a few more stock-on-hand tags, nevertheless he has insisted in carrying out the purposes of the marketing agreement during these other two years.

MR. BANKALOW: But when you come down to the allotment you don't expect

to take into account the amount of stock that a particular man has on hand, that is to say, you are not going--if he has piled up large stocks in the meantime that does not mean he is going to get a smaller number of tags to market. He is going to get the same amount out of the big share, that the man who hadn't piled up stocks on hand.

MR. SPEH: Yes, sir.

MR. BARKALOW: So that you will have the case of A with no stocks on hand, with only a small amount to market; B with large stocks on hand and perhaps the same amount to market as A.

MR. SPEH: Yes, sir.

MR. BARKALOW: Whereas, A has contributed nothing to piling up stocks and B has.

MR. SPEH: You have such a circumstance, because no doubt you will have occasional cases of that kind, but I doubt very much it is very serious because of the fact that there has not been a big accumulation of stocks from this year's production.

MR. BARKALOW: In spite of the fact that we have heard all of the testimony here that the have cut more faces and they have cut higher up and it appears that in the woods somebody has produced a lot more gum.

MR. SPEH: Well, it is not my impression that there has been such a material increase in production this year over that set aside to be marketed.

Now, the weather in the last sixty days may have contributed to that restriction, but the producers had to a large extent adjusted their cropage to as nearly as possible, to practically comply with their allotment. As soon as the restriction as to volume to be marketed was lifted several of them did go out and try to produce as much as they could, but it was so late in the season that they could not start up any new faces nor can they go back and reface any old faces, so it merely represents what might be a normal production, normal working, with aslight increase in activity on

these faces already in operation, and there is no doubt but what we had a normal season during the latter part of the year, and that the crop will prove to be probably twenty-five or thirty thousand barrels greater than what it eventually is going to be shown to be.

We have heard figures, estimates made, as to the probable production for the calendar year 1935. It is difficult, if not impossible, to estimate because we have any number of factors entering into it.

MR. BARKALOW: Have you any idea as to the stocks on hand at the stills right now in the hands of processors?

MR. SPEH: We have none, no, sir.

MR. BARKALOW: That have been distilled from this increased gum production that has been noted in the woods during the last two or three months?

MR. SPEH: We have not.

MR. BARKALOW: So at this time you have no real idea just how much the stocks-on-hand at the stills has been increased?

MR. SPEH: Nothing beyond the general statement coming into us from various producers which would indicate that the stuff has been moved into ports just about as fast as they make it.

The normal condition of the industry is not to pile up turpentine at the stills anyway. The average processor is not equipped with suitable storage. The risk is too great. The chance of deterioration from this discoloration is too great under those conditions, so he is very apt to move it into port or to some concentration point any way.

Rosin, on the other hand, can be more effectively stored at the still, but it is not the practice of the processors to hold that back. The factor expects him to send it in just as fast as it is made, so as

to get credit for it and reduce his account. The only accumulation of rosin that would have any material effect on the market is that of the independent producer.

MR. BARKALOW: The question asked, how could you determine the ownership?

MR. SPEH: No doubt in his application for allotment for 1936 the processor would be required to state the number of barrels of turpentine and of rosin which he owns, and to swear to that statement. Then, as in previous years, we have made a general check-up the best we could. We haven't had an opportunity to check every one but in quite a large number of cases our field men have actually gone out and made counts as to the stock on hand, so as to confirm the reports made by the processors.

MR. BARKALOW: Now, here this runs to each handler which will include factors and distributors. You would expect those to also render an account of stocks-on-hand?

MR. SPEH: Well, we have here an amendment that we want to read in the record, to paragraph 5 of the section we are now discussing. As I understand it, your amendments come after you have completed the discussion.

MR. BARKALOW: Well, if it is involved in this question and is going to clarify that--

MR. SPEH: It comes right to that point now that you have asked.

PRESIDING OFFICER GIFFORD: It should be identified now, then.

MR. SPEH: Well, I can read it in.

PRESIDING OFFICER GIFFORD: It should be identified as Exhibit No. 8 and filed in four copies and made a part of the record, and it should be explained at this time.

MR. BARKALOW: Are you prepared to propose that amendment now?

MR. SPEH: Yes, sir, we have it here.

MR. BARKALOW: If you would, please, read the amendment at this time.

MR. SPEH: We ask that Article IV, Section 2, Paragraph 5, be amended so as to read as follows:

"ARTICLE IV - Section 2, Paragraph 5 - Amend to read "shall supply upon application to the Control Committee each contracting processor handler a number of tags"--

This then you see conforms to the requirements, first, that neither the Secretary nor the Control Committee assumes the responsibility of seeing that he is supplied with such tags unless he does apply for them, that the responsibility is entirely up to him to see that he does make a proper form of application.

Respecting that, instead of throwing it wide open, throwing wide open the door to these tags for stock-on-hand, it is confined to the contracting processor handler, or, as I understand it, and the order, it would be omitting the word "contracting" and just simply have "processing handler", and therefore then you have every one of the processors.

MR. BARKALOW: In view of the fact that you have two agencies involved there, namely, the Control Committee and the Secretary, do you think it would help that amendment if you spelled who they are to apply to?

It says "shall apply upon application".

Now, to whom? The Control Committee or the Secretary?

You see, you have them both involved, the Secretary through the Control Committee shall supply upon application. To whom?

If you insert there "through the Control Committee", would it be clear it would apply to the Control Committee?

MR. SPEH: I was just trying to look ahead to see to whom the application for allotment was made. If that is made to the Secretary, then this should be to the Secretary.

MR. WARD: "Shall file with the Control Committee", on page 15.

MR. SPEH: Shall file with the Control Committee?

MR. BARKALOW: Yes.

MR. SPEH: Then I would say if I might further amend that so as to read, "shall upon application to the Control Committee".

PRESIDING OFFICER GIFFORD: That is all right, to make your amendment justas you want to make it.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: Do you anticipate any increase in stocks between this date and December 31, 1935?

MR. SPEH: No, sir. The heavy portion of the producing season on the land, the portion of heavy producing season has now passed and we have normally a gradual decrease in the monthly production. We normally consider that we will produce during this latter part of the season a volume below the normal monthly consumptive demand because have every reason to believe that the stocks will decrease. They usually do from now to the beginning of the new season.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: You said you have a normal increase. Do you feel that if they expect that there will be an agreement under which they are going to be restricted that they would or would not go out and attempt to increase the stocks-on-hand perhaps in an abnormal manner, perhaps storing them at the still?

MR. SPEH: I think that if they do feel there is going to be a marketing agreement and they recognize the fact that tags will be made

available for all stock, that each processor will naturally attempt to produce just as much as he can, and if there is no market for it, or if he feels that the market is going to be better under the marketing agreement restricted production next year he may decide that rather than sell that stuff now he will just carry it over into next year; if, on the other hand, he feels satisfied with the present price he may continue to move that stuff, but on the other hand there is very little they can do at this time of the year to materially increase that production.

The weather is not conducive to it. The normal flow of gum decreases. The season is given over from very shortly now to preparation for next year's operation, so that they don't use as much of the labor for current production as they normally do, and so while there may be an attempt made on the part of some to take advantage of such a situation, I sincerely feel it will not have any material effect on the stock.

MR. BARKALOW: Well, it would have the effect of giving a man who did that a larger amount to market, would it not?

MR. SPEH: Yes, sir.

MR. BARKALOW: Because if he had filled up his box he gets those stocks without reference to his allotment?

MR. SPEH: Yes, sir, but the opportunity is open to any one who desires to use their judgment on the matter, so there is no restriction at all.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Speh, do you anticipate that the stocks held under commodity credit loans will be an important portion of the total stocks held on December 31, 1955?

MR. SPEH: I think there will be even a greater percentage, that there will be even a greater percentage of the total stocks than they now represent.

DR. GOLD: Briefly what is the connection between those stocks and the marketing program of 1934 and 1935?

MR. SPEH: The stocks held by the Commodity Credit Corporation must of course be taken into consideration in determining the total volume available for next year under any given quota or allotment or any given form of allotment.

There is this, however, that should be taken into consideration, that where normal stocks might be in the hands of producers and/or distributors and/or consumers, that here we have by far the large volume of stocks held by a single party, namely, the corporation, and under these conditions the corporation would be in a much better position to orderly market that stuff or to market it as rapidly as they saw fit.

DR. GOLD: That is not my question, Mr. Speh.

What is the relationship between the stocks, the government stocks, and the program which existed in 1934 and 1935? In other words, did the loan have anything to do with the marketing program in terms of the present size of those stocks?

MR. SPEH: Well, I think that having the loan available did have the effect of possibly building up a bigger carry-over.

DR. GOLD: Well, actually was it possible to have the loan without the marketing program that existed in 1934-35?

MR. SPEH: Well, it is my understanding that one of the requirements of such a loan is adequate security and under our loan, or the loan made on turpentine and rosin, the adequate security was given chiefly through a controlled crop. In the absence of that then there would not have been adequate security unless the loan was based far below the current market value.

DR. GOLD: In other words, you feel that the carry-over, the probable carry-over on December 31, 1935, will be rather directly connected with, so far as the loan feature is concerned and conditions, the marketing program which began some two years previous?

MR. SPEH: I don't believe I quite grasp your question.

DR. GOLD: I am trying to get at the problem of just where and how these stocks originated, particularly if they have to do with the suspension of certain features of the control program or whether they represent simply what connection with that control program. In other words, I am trying to get at the problem of whether it is true that the suspension of the marketing program resulted in an accumulation of stocks, which would as a consequence of that suspension mean that a future program would give inequities to persons going into the program, if it were true that the suspension of the program resulted in large stocks other than loan stocks, then what would be the effect on the equities of those persons going into a 1936 program? If it were not true that the stocks had been increased through the suspension of certain portions of the marketing agreement and license, what may one say about the equities of those persons going into a 1936 program?

MR. SPEH: Doctor Gold, I cannot quite grasp why there should be any effect on accumulations under loan due to the suspension of the marketing agreement. Those loans were made available to the producers, up to a certain percentage of his allotment. Some saw fit to take advantage of that loan to the fullest possible extent; others in some cases, they took no advantage of the loan, and we have all sorts of variations in between that.

The suspension of the license and marketing agreement had no effect upon not permitting the further accumulation under loan, and therefore any one who has continued to produce after that had to decide whether they should carry over, or whether they should sell. That is no condition different than they have had in previous years. Some decided to continue to sell and a few probably decided to carry over for a short time, figuring that the loan might be resumed and figuring that there might be a resumption of the license and marketing agreement, but in general, as I stated, the tendency on the part of the factor is to encourage the shipping in as fast as made of all production of his customers and that is put on the market and sold.

I am not sure I have answered your question.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: I think I can answer his proposition.

PRESIDING OFFICER GIFFORD: You may proceed, Mr. Aycock.

(Witness excused.)

FURTHER TESTIMONY OF THOMAS J. AYCOCK,
JACKSONVILLE, FLORIDA,
REPRESENTING AYCOCK-LINDSEY CORPORATION,
SHAMROCK, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

MR. AYCOCK: I think I understand, Mr. Chairman, what he means.

PRESIDING OFFICER GIFFORD: Yes.

MR. AYCOCK: The question would indicate that he is trying to ascertain whether or not the fact that the marketing agreement was suspended enabled the producers to jump in at that time and produce more and sufficiently more for the balance of this season as to make it unfavorable to the man coming in next season.

I will answer that by stating that I think it would have occurred had it not been for the weather condition which has reduced the crop since the suspension of the marketing agreement.

Does that answer your question?

DR. GOLD: Yes, thank you.

MR. SPEH: I thought I covered that phase in my previous statement. That is probably the reason I did not quite grasp it.

PRESIDING OFFICER GIFFORD: Thank you, Mr. Aycock.

(Witness excused.)

PRESIDING OFFICER GIFFORD: Are there any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: Is there any further discussion under number 5, Paragraph 5?

(No response.)

DR. GOLD: That was the effect of paragraph 5.

MR. SPEH: Yes, sir.

DR. GOLD: Are you going to discuss the second?

MR. SPEH: Yes.

FURTHER TESTIMONY OF CARL FRANK SPEH,
JACKSONVILLE, FLORIDA,
REPRESENTING CONTROL COMMITTEE.

(The witness was previously duly sworn by the Presiding Officer.)

DR. GOLD: Let's complete this. We would like to complete that now.

MR. SPEH: The second portion of paragraph 5 merely refers to a continuation of the use of stock-on-hand tags, and you will notice that instead of throwing it wide open for the use of stock-on-hand tags. It is limited here so that the man will have no encouragement to produce beyond his allotment. You merely issue stock-on-hand tags for any

production made under his allotment which he has not seen fit to move during that calendar year, plus any tags which have been issued to him for previous carry-over.

It is merely a continuation of this limitation so as to discourage the production of unlimited quantities.

MR. BARNALOW: Do they pay for the stock-on-hand tags?

MR. SPEH: There is no charge for the stock-on-hand tags.

MR. BARNALOW: Then they could not be exchanged, that is to say, the allotment tags that are paid for, could they be exchanged as between stock-on-hand tags and other tags?

MR. SPEH: Well, there is no need for that, because the tags are merely identification of the right to move a package, and it has the same right whether it is moved under a stock-on-hand tag or an allotment tag, and so there is no incentive even to make such a request.

MR. BARNALOW: My point is, this year we are going to freeze the amount of stock on hand which might be carried from year to year at the same level provided a man did not use his stock-on-hand tags.

Now, if they can be exchanged, is there anything to prevent him from taking his allotment tags and exchanging them for stock-on-hand tags and keep his stock on hand at the same level?

MR. SPEH: No.

MR. BARNALOW: Then perhaps he can increase his direct benefit, that he could have marketed more by his tags that he can apply for, and then from year to year build up a larger allotment for himself?

MR. SPEH: Well, the basis of his application for allotment is not that of stock at all. It is based upon past performance of production and ability to continue to produce that quota.

MR. BARNALOW: That is true, but the point there, it seems to me, is, and I would like to ask you if that is so, if he should keep his stock on hand completely you are going to total those all up and deduct them from what can be marketed, and so hence he keeps for himself a large amount that he could have marketed from stock on hand, and yet in view of the fact that that is deducted from what can be marketed, some man who has not done that is going to get a smaller amount to market, because when you cut the pie all of that has been deducted.

MR. SPEH: But having once made this distribution up to December 31, 1935, from there on a man receives his quota and thereby stock-on-hand tags, plus his next year's quota, which is what sets the volume he may market.

Now, if he sees fit not to market it during that current year or retire more of it as stock, he of course will have had his allotment tags. His subsequent application then will have total stock and he will surrender any stock-on-hand tags he may have plus any quota tags he may have left over representing increased stock. His subsequent year's allotment may be just the same.

Therefore, if the price is so conducive that he would like to have sold, then he will have available a greater volume of stuff to move during that year, but as he has accomplished that by the retirement of some stuff under his allotment, he will have helped the marketing program for the previous year. That has been his contribution, and it is merely permitting him to retain in his judgment as to whether he desires to market or not.

MR. BARNALOW: Well, if I can interrupt, I don't think I have had a direct answer. Can he exchange his allotment tags that he paid for and stock-on-hand tags?

MR. SPEH: In the next year, yes, sir.

MR. BARKALOW: He can?

MR. SPEH: Yes, sir.

MR. BARKALOW: Now, what is to prevent him at the end of the marketing year if he has quite a few tags that he has paid for, exchanging them for stock-on-hand tags and putting them on stock that he holds, and then suppose there is an increase in allotment next year, then he has this large amount of stock on hand because at the end of the year he has exchanged what tags he had left for stock-on-hand tags, and then he has a large stock on hand, and then he gets a bigger allotment, too.

MR. SPEH: He only has received a bigger allotment because it is found to be desirable to increase the total volume to be marketed, and in setting that volume you took into consideration the stocks which he had.

MR. BARKALOW: That is the point, if you do that for him you would for everybody.

MR. SPEH: You would for him.

MR. BARKALOW: Well, no, you are not going to deduct the amount of his stock-on-hand from his allotment, you are going to deduct that from the total.

MR. SPEH: But he voluntarily deducted it the previous year when he did not completely market his allotment. He was given an allotment of a certain number, and for one reason or another he did not see fit to market all of his allotment.

Now, he made the reduction himself, he apparently decided he preferred to market it next year.

MR. BARKALOW: Well, he did not make a reduction in his own allotment; he made the reduction in somebody else's allotment.

MR. SPEH: He made a reduction in volume that he moved himself which he was given a certain number of tags for.

If I might illustrate, as an example, a man has on December 31, 1935, a carry-over of 100 barrels of turpentine; his allotment entitles him to 400 for 1936.

Now, that means that processor is given the opportunity, the right to market the 500 units in 1936. Possibly he does not see fit to market all of that. Maybe he figures the condition is becoming stronger, and so instead of wanting to market his whole 500 units he figures he will only market 300, so he has at the end of 1936, at the end of 1936 he has 200 units to which he has received the right to market.

Now, when it comes to the subsequent year he receives an allotment of 400. Therefore he is entitled to market during 1937 an allotment volume of 700 units.

Now, the only reason he has received that increase in combined marketing volume is that he did not exercise, completely exercise his right to market in 1936.

MR. BARNALOW: Yes, but--

MR. SPEH: (Continuing) And by withholding that from the market he exercised his judgment for one thing, but he did contribute to gain strength for the market when the other man did use his full volume.

PRESIDING OFFICER GIFFORD: Is not the whole story of it that the marketing allotment was simply cumulative?

MR. SPEH: Yes, sir.

MR. BARNALOW: But suppose you have a man who did market his stuff, then he hasn't held stocks on hand himself, he is not contributing to the amount that is going to be deducted from all of them?

MR. SPEH: That is true, yes, sir.

MR. BARKALOW: So he gets a smaller allotment because A over here held his stocks on hand?

MR. SPEH: On the other hand, A has contributed to the market strength by withholding from the market that volume.

MR. BARKALOW: Well, if that follows that he has--

MR. SPEH: Well, if there is anything back of this whole thing of an average balance between available supply and consumption he has contributed to those.

MR. BARKALOW: You think it is in sufficient amount to offset what he withholds from B?

MR. SPEH: Well, if it is not in sufficient amount, then your point would have no value.

MR. BARKALOW: The only point I have is this: It seems to me that if a man has piled up stocks-on-hand, holding stocks-on-hand, that he should not get as big an allotment to market because by holding the stocks-on-hand he deprived some other man from a bigger allotment.

MR. McCARTHY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCarthy.

MR. McCARTHY: Let me say a word on this.

PRESIDING OFFICER GIFFORD: Proceed.

MR. McCARTHY: If there are stocks on hand naturally the allotment to a man would be larger, but the fact that when a particular manufacturer has some stocks should not discriminate against him any more and have no more effect than if they were in the hands of the dealer.

If there is no carry-over naturally everybody's allotment would be larger.

MR. BARKALOW: But if you have a strong market you are going to have

bigger allotments the next year which would offset some of the stocks-on-hand. Isn't it true that this man who has not kept stocks-on-hand and has not made a deduction from the total amount is not going to get as big a share of that new big allotment as the man who did hold his stocks-on-hand and who did not contribute?

MR. McCARTHY: Well, of course, he might have it on hand, it might be in the hands of somebody else; it does not necessarily follow that it would have been consumed. One man might have 1,000 barrels on hand and still another man might have 1,000 barrels in the hands of some dealer.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: I think I get the point which Mr. Barkalow is trying to make, and in fact, I would like to clear my head too.

I think he is under the impression that under this paragraph, say, that a man had 100 barrels of turpentine on December 31 in a given year. Now, the proposition is, whether he has made 400 units the year before, it is possible under this paragraph, is it not going to be added to what he had made? If it does, it is in there twice, which will give him 500 units, and then he will make application for 500 units and he will get his allotment from that application which certainly would contain that 100 units or 100 barrels twice, if it can be added in to what he is to market the coming year.

I think that is the way that is understood.

MR. BARKALOW: He is going to be in a stronger position to ask for a bigger allotment because of having kept more stocks and keep the bigger allotment from going to somebody else.

DR. GOLD: Mr. Spah.

MR. SPEH: Shall I answer that, please?

MR. BARKALOW: If you will, yes.

MR. SPEH: The allotment granted has absolutely nothing to do with the man's carry-over. It is based upon his past production performance, taking into consideration his ability to produce that quota. A man having an extremely large carry-over, if his base figure is such that he is entitled only to a small allotment, that is all he receives.

MR. BARKALOW: Well, the fact that he has that stock on hand shows that he has ability to produce more and that comes within that period when you measure his allotment. If he has produced 100 units more than he did before that is in his base, and it shows his ability to produce more.

MR. SPEH: No, he might have produced far in excess of his allotment; therefore, he has a carry-over. Now, that is recognized in the first part of this paragraph.

MR. BARKALOW: Is it recognized in his ability to produce?

MR. SPEH: No, his carry-over has absolutely no connection whatsoever with his allotment.

MR. BARKALOW: Here the base period is going to end, will end, and the point is you will not take into consideration what he has produced while this license has not been in effect.

MR. SPEH: The base period for what.

MR. BARKALOW: For finding what his allotment is going to be.

MR. SPEH: The base period under the present plan of allotment, the base figure is allotted which he received the year previous to that for which we are now making allotments; in this case, namely, the allotment that he received in 1935, which is the final allotment.

MR. BARKALOW: That term ends when?

MR. SPEH: December 31, 1935.

MR. BARKALOW: Then it will take into consideration a time when we did not have a license?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: I think it is clearly understood the basis from which this is figured. Inasmuch as it will all come up again under allotments, I think we are going to have a duplication.

DR. GOLD: In regard to the wording in this paragraph, you have reference, I presume, to the calendar year, do you not, for each year following?

MR. SPEH: We have an amendment which we would like to introduce, to sub-paragraph 2 of paragraph 5, line 1, so as to read "for each calendar year following", for each year following the year 1935.

DR. GOLD: I presume, too, that in further reference to the stocks-on-hand /tags and your turpentine and rosin tags you have reference to unused stock-on-hand tags and unused turpentine and rosin tags?

MR. SPEH: Yes, sir.

DR. GOLD: Do you care to introduce an amendment of that type?

MR. SPEH: Well, if that is considered necessary. If a man has them we assume that they have been unused; otherwise, there would be some evasion.

DR. GOLD: That is all I have.

MR. SPEH: May I ask a question off the record?

PRESIDING OFFICER GIFFORD: Yes, sir.

(There was a discussion off the record.)

PRESIDING OFFICER GIFFORD: The proposed amendment will be identified as Exhibit No. 9 and admitted in evidence.

(The amendment to Article IV, Section 2, Paragraph 5, subparagraph 2, line 1, above referred to, submitted by Mr. Speh, was marked "Exhibit No. 9," and is attached to this record.)

MR. SPEH: That is an amendment to subparagraph 2, paragraph 5, line 1.

MR. BANKALOW: What is that amendment, please? I did not get that.

MR. SPEH: Amend line 1, the first line of subparagraph 2, paragraph 5, so as to read "for each calendar year following", inserting the word "calendar".

PRESIDING OFFICER GIFFORD: That is the only change, just simply inserting the word "calendar".

MR. SPEH: Its purpose being to remove all doubt as to what the twelve months period is in mind.

PRESIDING OFFICER GIFFORD: Is there any further discussion as to Paragraph 5?

MR. SPEH: There is one more section of that.

PRESIDING OFFICER GIFFORD: Then proceed to the second.

MR. SPEH: The third section of that merely states that on and after January the 1st of each year all tags issued during the previous year shall be null and void, and in order may have advantage of any surplus tags from either stock or unused allotment, representing stock-on-hand, he must exchange them under the conditions noted above.

DR. GOLD: The principle of that is to avoid any confusion in regard to successive years?

MR. SPEH: We want to have during any calendar year all tags must bear an indication of their use.

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 5?

(No response.)

PRESIDING OFFICER GIFFORD: If not, you may proceed with paragraph 6.

MR. SPEH: Paragraph 6 recognizes the fact that the production of some naval stores is not uniform through each month, that there are certain months during the late fall and winter and early spring when the production is at the low point, rising to the peak during June, July, and August, and again falling off, and in order that there may be a market more nearly in line with the volume of production, this provides that the tags shall be issued on these stated percentage bases, those per cents representing what might be considered an average over the entire belt for several seasons.

It is recognized that there may be variations from these figures, these monthly percentages in different sections of the belt.

It is recognized that in Florida the season may open up earlier than in North and South Carolina, and therefore a larger percentage might be required in Florida than in North and South Carolina, but this represents an average figure and we have had--while the Control Committee have had some complaint it has not been real serious.

The provision permits the Secretary upon the recommendation of the Control Committee to adjust these percentages from time to time. This is in recognition of any possible change that may occur as a result of different methods of turpentining.

There may be some change in the method of hanging the cups, permitting more winter work to be done, or it may be that there will be a greater winter chipping, and there may be a slight increase in production during these winter months.

MR. BARKALOW: Mr. Speh, do you consider these percentages to be adequate to meet the trade conditions?

MR. SPEH: Yes, sir.

MR. BARKALOW: They are based upon the experience you have had in the industry?

MR. SPEH: Based upon experience in the industry of quite a number of years, giving weight to the change in the later years.

MR. BARKALOW: With respect to that last point that you raised about the Secretary making a readjustment, I would like to ask that if you don't care, to add in there after the words "from time to time", "after finding of fact"?

That suggestion is made from the standpoint of law.

MR. SPEH: We will be glad to ask that it be amended in that way. In other words by adding after "from time to time" the words "after finding of fact".

MR. BARKALOW: Yes.

MR. SPEH: We will be glad to.

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 6?

(No response.)

PRESIDING OFFICER GIFFORD: Are there any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: If not we will proceed to paragraph 7.

MR. SPEH: Paragraph 7 sets up the basis for prorating the assessment for the expense of carrying out the provision of the marketing agreement and orders, and these figures used are the same as have been used in the existing license and marketing agreement. They seem to work out very

satisfactorily so far as the distribution of expense is concerned, the original basis, of course, being the total required to carry out the provisions and breaking that down in what we consider to be an equitable fashion.

It recognizes the unit basis and then breaks down--then distributes the cost per unit of your turpentine and rosin.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Have these figures been fixed in an amount which will produce the amount which is to be determined in Article III, section 1, as necessary for the expense of the Control Committee?

MR. SPEH: As nearly as we could tell, not absolutely know -- what the total amount to be marketed is, this is based on a crop of 450,000 units of gum turpentine and gum rosin. If, on the other hand, the crop should be set at 500,000 units you would have an increase in income and you would not have a corresponding increase in expense. The only thing to be taken into consideration under those conditions would be that you might have available a large volume of money to be used for market expansion through research and other means, and later we refer to that.

PRESIDING OFFICER GIFFORD: Are there any questions or any further evidence on this section?

(No response.)

PRESIDING OFFICER GIFFORD: Are there any comments?

DR. GOLD: In the last paragraph of this section you refer to Article III.

MR. NEWTON: We amend that.

MR. SPEH: We have an amendment to offer on page 14, to paragraph 7. We ask that the last sentence be amended to read:

"All sums received pursuant to the provisions of this agreement shall be used by the Control Committee for the purpose and subject to the limitations set forth in this agreement."

PRESIDING OFFICER GIFFORD: That proposed amendment will be identified as exhibit No. 10, received in evidence in four copies and made a part of the record.

(The amendment referred to, submitted by Mr. Speh, was marked "Exhibit No. 10", and is attached to this record.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Do you consider that the amount fixed in here will be an equitable prorata share to be charged against each handler?

MR. SPEH: Yes, sir, because it is based upon volume and in that an equitable division is made.

MR. BARKALOW: Do you feel that it will meet section 10B(2) of the Act, which sets up the expenses to be collected and the manner of their collection?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Are there further questions or discussion of paragraph 7?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will proceed to paragraph 8.

MR. SPEH: Paragraph 8 refers to the secondary allotment and we had quite a bit of discussion on that, on Saturday.

In describing that, this secondary allotment expressed as units or gum turpentine and gum rosin is made to the processor, and for the same--and for the sake of convenience, is translated into units of crude gum, namely 50 gallon barrels, and tags made available, the necessary tags made available, for the purpose of making it more convenient to market and purchase crude gum.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: You refer to the discussion we had on Saturday. Do you feel that this is not an attempt to control the production of gum?

MR. SPEH: No, sir. Well, we might--yes, I feel it is not, yes. It should be--the answer should be yes.

May I correct that.

PRESIDING OFFICER GIFFORD: Certainly.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, Dr. Gold.

DR. GOLD: Can you tell us the size of the secondary allotment in the previous years, in 1935 and 1934?

MR. SPEH: The average has been 10.4 percent; it runs about 10.4 percent of the total volume, that comes from purchased gum as near as we can tell.

DR. GOLD: That is true in those years, 1935 and 1934, or true in previous years?

MR. SPEH: I would say it was true of 1934 and 1935, and probably there was even a smaller percentage during the previous years.

We must recognize this, however, that it is extremely difficult to obtain accurate figures on this purchased gum. A good many processors themselves do not know just how much gum they have bought. Their records

are incomplete; they did not anticipate that they would ever be required to report to anyone the number of barrels of gum that they had bought or the number of barrels of turpentine that they had processed from purchased gum. It merely goes right in with their whole shipment of turpentine and rosin, and so we do recognize that there could exist some honest misunderstanding, and in each case the Control Committee has tried to adjust it the best they could.

MR. BARKALOW: Do you feel that the burden of this limitation of marketing has been distributed as equitably as possible?

MR. SPEH: Yes.

MR. BARKALOW: Mr. Speh, in view of the fact that here we have discussed the secondary allotment for some time, without having had it defined, do you feel that it might contribute to this document if we might in the beginning have a definition of the primary and secondary allotment, and also of the producer of gum and the producer of naval stores, the last two questions having come up several times in our discussions?

MR. SPEH: In view of the fact that there seems to be doubt, some doubt, I think it would be well to introduce those as amendments in the definitions.

MR. BARKALOW: You would not object to those four definitions being placed in the document?

MR. SPEH: No, sir.

MR. BARKALOW: In the section where we have definitions?

MR. SPEH: Would you want to have us submit those or has the discussion been sufficient?

MR. BARKALOW: I think you should submit them, if you would. Perhaps not at this time but before the ten day period has lapsed.

Will that be satisfactory, Judge?

PRESIDING OFFICER GIFFORD: Yes, if he desires to submit them I will give him permission to do that.

MR. SPEH: We will be glad to, with the understanding that we will submit a suggested definition of producer of naval stores, producer of crude gum, and definition of primary allotment and definition of secondary allotment.

DR. GOLD: That might well really involve four definitions, primary allotment for new processors, and primary allotment for old processors, and secondary allotments for old and new processors, is that not right?

MR. BARKALOW: Well, we can break it down that way. On the other hand if we consider the definition for primary allotment as the allotment to go to a processor, to cover his allotment obtained under gum produced by his own operations, that would be true, whether he be a new or old processor.

PRESIDING OFFICER GIFFORD: If you will, Mr. Speh, you can include those definitions as part of your brief unless you have your brief completed and would rather do it separately, because you understand these definitions must be formulated in view of the evidence that has been submitted here, tending to cover what each of those terms mean; in other words, it would not be fair to put in definitions which the general public did not have an opportunity to consider. Therefore, they should be developed to meet the evidence as to their meaning, that has been submitted here.

DR. GOLD: Mr. Barkalow.

MR. BARKALOW: Yes, sir.

DR. GOLD: You have again reference to a year, "the preceding year". What year do you have in mind?

MR. BARKALOW: We have an amendment here for line 3, paragraph 8, to be amended to say--to be amended so as to read:

"During the preceding calendar year", by the insertion of the word "calendar".

PRESIDING OFFICER GIFFORD: This is another amendment?

MR. BARKALOW: This is another amendment to Article IV, section 2, paragraph 8, line 3.

PRESIDING OFFICER GIFFORD: This amendment submitted in four copies, will be identified as exhibit No. 11 and made a part of the record.

(The amendment referred to, submitted by Mr. Speh, was marked "Exhibit No. 11", and is attached to this record.)

PRESIDING OFFICER GIFFORD: Is there any further discussion on this section, paragraph 8?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will proceed to paragraph 9.

MR. SPEH: This merely provides a means of making available to the processors tags in a form other than that issued to him.

We have in the industry the practice of shipping rosin in wooden barrels, and others putting it in metal drums.

We do try to assist the processor by issuing to him tags in such form as he wishes. In the past some processors have indicated that it was their practice to ship rosin in wooden barrels. Therefore, a number of tags corresponding to his turpentine quota is sent to him for wooden barrels.

On the other hand, there are processors who market their rosin in metal drums, and in order that there may be a proper tag issued to him, we have provided tags marked "metal drums".

The distinction is necessary because the metal drum carries a great weight of rosin than does the wooden barrel, and therefore in fairness to the men using wooden barrels, we issue to the man who ships in metal drums a few number of rosin tags, but it does carry out that shipment as shown--as borne out by the definition of "metal drum".

On the other hand we have processors who do not ship their turpentine in barrels, but ship it in tank cars, and this way we issue to him a tank car tag. These tank car tags are of varying denominations. In recognition of the varying capacities of tankcars, we carry tags for the various sizes of tank cars, so that we can build up most any capacity tank car.

And, some processors do not know just how they are going to ship their turpentine or rosin, so that tags issued to them originally may be different than what they finally use, so that they request that we exchange one tag for the other, and for that reason we have this provision that we shall exchange without charge any tags for which money has been received, a corresponding denomination of tags of another class.

Now, the question has come up as to what we mean by "class" and with your permission we would like to amend paragraph 9 of Article IV, so as to more clearly bring out what we mean by "class."

We have not yet prepared that amendment, but it is merely for the purpose of clarification.

DR. GOLD: Do you have reference to "packages" as used in your definitions?

MR. SPEH: Yes, sir.

DR. GOLD: In this section?

MR. SPEH: Yes, sir.

DR. GOLD: So that you intend incorporating some size package and exchange one type of certificate for a certificate of another type of package, is that correct?

MR. SPEH: Yes, sir.

DR. GOLD: However, do you contemplate that that means the exchange of say, turpentine tags for rosin tags?

MR. SPEH: No, sir.

DR. GOLD: So that it is simply a package of the same--

MR. SPEH: Same product.

DR. GOLD (continuing): -- type of product. In other words, a package of turpentine and a package of rosin.

MR. SPEH: Mr. Newton points out to me that there may be some misunderstanding as to that exchange system. I would much prefer to have Mr. Newton make that statement. I am not just sure that I am quite clear as to what he is driving at.

PRESIDING OFFICER GIFFORD: Mr. Newton, Mr. Speh requests that you make the statement yourself.

(Witness excused.)

FURTHER TESTIMONY OF ROBERT M. NEWTON
WIGGINS, MISSISSIPPI,
representing
NEWTON NAVAL STORES COMPANY.

(The witness was previously duly sworn by the Presiding Officer.)

MR. NEWTON: Well, Mr. Chairman, as I understand this paragraph it means, or at least our impression is that it refers back to the definition, definition of units, and unit is defined as 1 turpentine and 5-1/3 rosin, or 5 crude gum or 4-1/3 cleaned gum, as I remember it.

Now this permits the exchange of we will say, 1 turpentine and 3-1/3 rosin for 5 crude gum, or 1 turpentine and 3-1/3 rosin for 4-1/3 cleaned gum, or, say, 4-1/3 cleaned gum for either a unit of turpentine and rosin or 5 crude gum for the exchange of 5 crude gum for a unit of, 1 unit of turpentine and 3-1/3 rosin, or 4-1/3 cleaned gum.

It is the exchange of unit equivalent from one to the other.

PRESIDING OFFICER GIFFORD: Is there any further discussion on No. 9?

(No response.)

PRESIDING OFFICER GIFFORD: Thank you, Mr. Newton, you may be excused.

(Witness excused.)

MR. BARKALOW: Mr. Chairman, I would like to ask Mr. Speh a question.

PRESIDING OFFICER GIFFORD: All right, Mr. Speh.

FURTHER TESTIMONY OF CARL F. SPEH
JACKSONVILLE, FLORIDA
representing
CONTROL COMMITTEE.

(The witness was previously duly sworn by the Presiding Officer.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Would you also expect when you define the word "class" to point out just what exchange might be made between stock on hand tags and other tags?

MR. SPEH: Well, I think that has been provided for on page 12, paragraph 5.

You see, there is no big distinction between paragraph 9 and paragraph 5. Paragraph 9 contains "for which payment has been made", that is, this covers those tags that have been issued for which payment has been made.

that is, the reason those bags have been issued for which payment has been made.

Mr. CLERK: Well, I mean that has been provided for on page 2, paragraph 9.

MR. BARRISTER: Sir, that is my point. Paragraph 9 only states that the bags are to be delivered to the Bank. It does not say that anything might be made payable to them.

MR. JUDGE: Two, sir.

MR. BARRISTER: Sir, that is my point. I would like to point out that nowhere in that page or any other page

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Stock on hand tags, there has been no change made for that. So, it is the provision for the exchange of those--

MR. BARKALOW: But under paragraph 9 is it not clear that you can exchange tags for which you have been paid for stock on hand tags?

MR. SPEH: No.

MR. BARKALOW: You would not interpret it that way?

MR. SPEH: No, because there has been no charge made for the stock on hand tags.

MR. BARKALOW: But there has been a charge made--

MR. SPEH: Oh, I see your point.

MR. BARKALOW (continuing): --for allotment tags.

MR. SPEH: Of course, under a broad interpretation of that, yes, but on the other hand, as I said before, there would be no incentive to do that because the tag merely gives the right to market the package and it moves under the stock on hand with the same right that it does under the allotment tag. There is no incentive to request that change, nor could anyone give a reason for asking such a change, and the Control Committee would be within its rights to refuse to make an exchange of that kind.

MR. BARKALOW: My only point is clear. They have the right to refuse, they reserve that here. You have definitely given permission to do that. That is why I say, should you not exempt certain cases as you don't expect to allow right here, instead of having this open so that they may ask for it. I doubt if you in your discretion could rule that you could not make the exchange when the agreement says you could make the exchange.

MR. SPEH: Well, if it is possible anyone might make that request it might be well to exempt that, although it does not make much difference.

MR. BARKALOW: On this discussion we have had here today it seems--don't you feel that someone may make such a request at the end of the marketing year?

MR. SPEH: We can provide, "provided, however, this exchange will not apply to the exchange of stock on hand tags for regular allotment tags".

MR. BARKALOW: Or vice versa.

MR. SPEH: It cannot be vice versa because there has been no payment made for the stock on hand tags.

MR. BARKALOW: Then it is vice versa, is it not, because they paid for the allotment tags, and they can exchange those for the stock on hand tags. It would not make any difference which end they asked for, they are exchangeable.

I don't care to attempt to write the provision, but I just ask the question so that you could give that some consideration when you draft the amendment.

PRESIDING OFFICER GIFFORD: Is there anything further?

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: May I suggest in order to clarify that, that after the word "class" we insert "or denomination of equal equivalent", making it read "Exchange tags of any class or denomination of equal equivalent for which payment has been made".

PRESIDING OFFICER GIFFORD: Does anyone else have any suggestions about that?

(No response.)

PRESIDING OFFICER GIFFORD: Is there anything further, any further discussion on paragraph 9?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will have a ten minute intermission.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: Let's proceed, gentlemen.

If there is nothing further on section 2, we will take up section 3, page 14, having to do with the method of limitation of marketing wood naval stores.

Is there any further discussion to be had on that section? That has been discussed somewhat before.

MR. SPEH: We would suggest, Mr. Chairman, and we ask permission to have that section amended so that it will be provided, that if the suggested amendment to Article III, Section 1, paragraph 3, regarding the assessment of the wood naval stores group be incorporated, that the necessary changes in section 3 be made, and that it provide that they shall be required to use tags in the same manner as does the gum naval stores group, and that there be a similar provision, or corresponding provision in the subsequent paragraph carrying out the idea that under the gum limitation it is recognized that possibly there will have to be another percentage of distribution because the wood people are not bound by the season as is the gum man. Theirs is more or less a manufacturing process over which they have more definite control than has the gum producer.

PRESIDING OFFICER GIFFORD: Have you such an amendment prepared?

MR. SPEH: I think we have a note here, and we ask to turn that in as a supplement to our brief.

MR. GIFFORD: All right.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Do you feel that the wood naval stores handlers cannot be regulated sufficiently without tags?

MR. SPEH: The only way in which I have a right to answer any questions here is as Secretary to the Control Committee, and therefore would have to answer that I feel that the wood naval stores group should be required to use tags the same as the gum naval stores group.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Are you through, Mr. Barkalow?

MR. BARKALOW: No, sir. Would you mind if I continue with this line?

PRESIDING OFFICER GIFFORD: Go right ahead.

MR. BARKALOW: How many wood naval stores businesses are there, Mr. Speh?

MR. SPEH: Less than fifteen; I am not sure whether it is twelve or thirteen, but it is less than fifteen, anyway.

MR. BARKALOW: Do they all, so far as you know, have an adequate system of books and records?

MR. SPEH: Each one has a very complete set of books and records.

MR. BARKALOW: Do you not feel that an accurate check of what they handle could be made from their own books and records, as was done under the previous license?

MR. SPEH: I would prefer, Mr. Chairman, that the Control Committee answer that question.

MR. BARKALOW: I will address that question to Mr. Newton.

(Witness excused.)

FURTHER TESTIMONY OF ROBERT M. NEWTON
WIGGINS, MISSISSIPPI
representing
NEWTON NAVAL STORES COMPANY.

(The witness was previously duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Will you answer that question, Mr. Newton?

MR. NEWTON: Possibly correct, but we feel also that an accurate check can be made of a considerable number of gum naval stores processors.

MR. BARKALOW: Well, how many gum naval stores processors are there?

MR. NEWTON: Wait a minute.

MR. BARKALOW: Well, could you say roughly there are over one thousand?

MR. NEWTON: Yes, I believe Mr. Lockwood's figures show 1,178.

MR. BARKALOW: Well, you don't conceive of greater expense in trying to check that number than you would the fifteen?

MR. NEWTON: True.

MR. BARKALOW: Is it true that all of the one thousand or more have as accurate and complete sets of books and records as do the wood naval stores industry?

MR. NEWTON: They do not.

MR. BARKALOW: But you still feel that could also be applied to the wood naval stores, eliminating tags altogether?

MR. NEWTON: Applicable to the gum group, it could not be eliminated. We feel possibly, that an accurate check can be made of the wood group, but we feel that if it is required of the gum group it should be required of the wood group, it would be no more hardship on them than it is on the gum group.

MR. BARKALOW: What would be the purpose of it, if you can get an adequate check on their books and records?

MR. NEWTON: Well, we feel there could be no question as to the wood group exceeding their volume to be marketed and each package would have evidence of it, no question about it whatever, and it would eliminate any sense of feeling on the part of the wood group that they were exceeding--

MR. BARKALOW: As I understand the amendment it is to be prefaced upon the condition that they are to be assessed in spite of having tags. Why is that condition made?

MR. NEWTON: We feel that in this control program, that they should be assessed the same as we are, and the benefits to be derived from the control and also from research and other market expansion will come to them proportionately the same as to the gum group, and they should bear their portion of the expense.

MR. BARKALOW: Well, do you think the wood people will subscribe to that?

Is there a wood representative here?

MR. WARD: May I ask a question before that is answered?

MR. BARKALOW: Yes.

MR. WARD: Mr. Newton, do you feel that there would be justification for the additional expense to the Control Committee in administering this through the application and use of tags for the wood naval stores just to satisfy the gum group and others regarding the point you have brought up?

MR. NEWTON: Well, that comes again--just a minute. I am in about the same position as Mr. Speh. Personally I have a personal feeling about it, but as representing the committee, I shall give another answer.

I just don't know how to answer that. I think--

MR. WARD: Mr. Barkalow has asked the question if there is a representative of the wood naval stores group here, and I have a statement

from a representative of the wood group, Mr. J. H. McCormack. Mr. McCormack, as you know, was present three days last week and testified on two or three occasions at this hearing, and on Saturday he had expected that this question might come up, and he would have been ready to have spoken upon it, but ashe had to leave on Saturday night, he left me with a statement which he asked that I please read into the record if an amendment was offered to use tags on wood naval stores, and his statement is as follows:

"We object to the use of identifying tags for wood naval stores for the following reason:

1. The wood naval stores industry have six processors and the gum industry about 1,200. The wood industry represents 20 to 25 percent of the production of naval stores and the gum industry the balance. More than 99 percent of the expense of the Control Committee will be in connection with the gum industry and it would be unfair and discriminatory for the wood industry through the purchase of tags to have to bear 20 to 25 percent of this expense.

2. The wood naval stores plants are at fixed locations easy of access for the Secretary at all times.

3. The sworn statements of the wood naval stores processors is ample evidence as to the amounts marketed by them.

4. Other sworn statements have to be made from time to time to other governmental agencies or subdivisions regarding their sales and production by wood naval stores processors as manufacturers."

MR. WARD: This statement is signed by "Newport Industries, Inc., by J. H. McCormack, vice-president."

In explanation I will add a statement which I think is borne out by

previous testimony that instead of six processors--and I understand that Mr. McCormack was speaking of the steam distill processors of which there are six--in addition to those steam distill processors our records in Washington show that there are four sulphate processors, that is, processors for the sulphate process, and four processors for the destructively distilled process, which makes a total of fourteen processors now engaged in the business of producing and marketing wood naval stores.

Evidence has also been presented to show that there are about 1,200 gum naval stores processors who operate stills.

In addition I think the records of the Control Committee show that there are some 1,000 to 1,500 additional processors who have their crude gum processed by a still and market this gum--market this product in the name of the original gum producer, which makes a total of somewhere around 2,000 to 2,600 gum naval stores processors who would receive primary allotments.

PRESIDING OFFICER GIFFORD: You said you had a question before Major Barkalow proceeded, Dr. Gold.

DR. GOLD: Yes.

PRESIDING OFFICER GIFFORD: You may proceed.

DR. GOLD: Mr. Newton.

MR. NEWTON: Yes, sir.

DR. GOLD: Is it the principal purpose or aim which you have in mind to be sure that both wood and gum naval stores processors are equitably treated both in regard to the prospective provisions, but in this case in regard to the express limitations to be imposed?

MR. NEWTON: That is the sole purpose the Control Committee had in mind.

DR. GOLD: That is all.

PRESIDING OFFICER GIFFORD: Well, let's proceed.

(Witness excused.)

MR. BARKALOW: I would like to ask Mr. Speh a question, if I may.

PRESIDING OFFICER GIFFORD: Proceed.

FURTHER TESTIMONY OF CARL FRANK SPEH
JACKSONVILLE, FLORIDA
representing
CONTROL COMMITTEE.

(The witness was previously duly sworn by the Presiding Officer.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: You mentioned something about the advantages to be gained by the wood group through advertisement and research. Is it not true that to a large extent the wood group have their own research and distributing and advertising system right now?

MR. SPEH: Yes, sir. However, such research is defined into two classes: one plant control research, that is, research to improve present methods of production, to improve the products which they are marketing.

The other type of research is to develop a means of adopting their products to certain consuming uses, either as to new uses or with a view of replacing gum turpentine and gum rosin, and their advertising market promotion work is chiefly with the idea of developing their own products.

I know of no cooperative research among the wood naval stores group. Each one carries on their independent research, the results of which are not available to anyone other than their own company.

Their advertising benefits are chiefly for their own company, and not for the industry as a whole, whereas any research or market expansion contemplated under the proposed marketing agreement for the purpose of increasing the general consumption of turpentine and rosin, and inasmuch as you could not confine those benefits to gum turpentine as differentiated from wood turpentine, it is felt only proper that they should contribute to such expansion.

The history of such cooperative efforts, while always on a voluntary basis in the past, has shown very clearly that the wood naval stores group have been always willing to contribute their share to anything which would develop markets for naval stores in general or develop research for naval stores.

MR. BARKALOW: Mr. Gold brought out the point if this was being done in order that the burden might be equitably distributed, and in view of the fact that I believe the answer was brought out that that is what it amounts to, may I ask, do you also expect to assess the factors and distributors and insist that they have tags on their products? They would get the same benefits, would they not, from advertisement and research the other group would get?

MR. SPEH: No, sir.

MR. BARKALOW: Do you mean to say that they would not increase their sales of naval stores, if there were a research and advertisement campaign in effect?

MR. SPEH: They might increase their sales or the factors might increase the volume on which they would obtain a commission but that does not necessarily mean they would obtain the same benefits.

Under the present system of marketing the distributor does not procure necessarily a greater profit on a larger volume or a higher price. The present system of marketing is such that the distributor must depend upon speculative profits, and such speculative profits might be as readily accessible under a large volume at a low price as under a small volume at high prices, or any combination of those.

If the distributor was to merchandise his products, of course, he would be interested in the market price, yet the distributor would to some extent, no doubt profit by being able to develop a market for a

volume of naval stores in access of what we have today, but his benefit would not be as direct as that of the producer.

The same is true to a less extent of the factor. The factor could finance and increase volume, thereby rendering greater services to a greater number. His principal gain, however, would be through increasing commission by the sale of a greater volume or a better price. His commission, however, is, I believe, 2 or 2.5 percent here, and therefore his increased profit is limited to that same extent, whereas the producer of raw material or of naval stores reaps the entire profit from such increased markets, and I think therefore, taking those facts into consideration, he reaps a greater benefit from any market expansion.

MR. BARKALOW: That is the producer?

MR. SPEH: The producer or processor.

MR. BARKALOW: Applying your yardstick to the wood group, is it not true that they are low cost producers, and that they will get no particular benefit from an increase in the price, in that they can make a market abroad in competition with even the low cost producers over there?

MR. SPEH: That is true, but on the other hand, that again, the price is dependent entirely upon the price of the gum naval stores market and that determines the price at which wood naval stores would sell. The general statistical position of the gum naval stores market determines the strength of that market upon which the wood naval stores will sell, so that has an influence and he would benefit by any increase in the general demand for naval stores.

He can of course, market his stuff with greater ease today because of his low cost of production.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: May I take issue with the witness in reference to the factor. I think his advantage would be greatly enhanced by reason of a greater volume, not only through his commission but through his supply for creating a greater volume. Therefore, the factor should contribute to some extent to the research and advertising that would create a greater volume.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: We have discussed price and other benefits arriving from this agreement.

MR. SPEH: Yes.

MR. BARKALOW: Is it not true that the main thought in having the wood group in the agreement is, not to give to them a particular benefit, but more to restrict them so that they cannot take more of the market from the gum group? Then are you not trying to assess them and to place these restrictions on them, not for a benefit to them, but as a restriction on their business and as a benefit to the gum producer?

MR. SPEH: The chief reason for bringing them into the marketing agreement is because their product is in such direct competition with the product of the gum group, and therefore it is a restrictive feature, but it is not contemplated that they would be restricted to any different extent than would the gum group. On the other hand, if there is any good resulting to the gum group through a restricted volume made available for marketing through research or through advertising, there is no way to hold those corresponding benefits from the wood group.

If the purpose of the marketing agreement is to establish such a balance between available supply and consumption as to improve prices naturally the wood group will sell on those improved prices and reap a benefit.

If there be any market expansion through advertising or research and that increased demand reflect itself in an improved market price, there again the wood group would sell on a better market, even though they saw fit to discount the gum market.

MR. BARKALOW: Most of these arguments seem to be based upon the fact that there is a provision for advertisement and research. Suppose that under recent court decisions, or interpretations of the law that those provisions cannot be included, then the whole argument falls, does it not? That is the reason for placing the added restriction on the wood group?

MR. SPEH: No, they still have the benefit resulting from any strengthened market--strengthening in the market from the improvement in prices, because of the establishment of a balance between the available supply and consumption.

MR. BARKALOW: Did they not contend though, that they don't care for that balance,that due to low cost they can sell at any price and make a profit, and that they expect to get their increase through increased sales rather than price, through volume?

MR. SPEH: That is true. On the other hand you have one of the groups of the wood naval stores, namely, the sulphate, who can produce and market sulphate wood turpentine at a much lower figure than can the steam solvent, and destructive distillation, and therefore, within their own group, two of the divisions are reaping a benefit from such a control.

PRESIDING OFFICER GIFFORD: Is there anything further on any other questions?

MR. HILL: Mr. Chairman, could I ask a question?

PRESIDING OFFICER GIFFORD: The name, please?

MR. HILL: Hill.

PRESIDING OFFICER GIFFORD: You may state the question.

MR. HILL: I was interested in the statement that there are court decisions relating to the right under this agreement to pay money for advertising and research. Does there have to be any restriction on that?

MR. BRYSON: I think we should pass that until we come to that particular provision, and then we can draw out all of the facts on it instead of twist it into the topic.

PRESIDING OFFICER GIFFORD: Well, is there anything further on the section we are discussing?

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: The same question has been brought up as to the advantage as to the factors. There are some factors present, and I wonder if they would like to speak as to what advantages might accrue to them from the contribution that they would make toward an advertising and research program and toward the general expenses of the Control Committee, in addition to that provided in the proposed drafted agreement which we have here?

MR. WILSON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Wilson.

MR. WILSON: May I say a word?

PRESIDING OFFICER GIFFORD: Yes.

Mr. Wilson was previously sworn.

FURTHER TESTIMONY OF H. M. WILSON

(The witness was previously duly sworn by the presiding officer.)

MR. WILSON: Having heard the statement made by Mr. Speh, I subscribe to it as a factor. I think it is quite clear that they may benefit somewhat by increased handlings, but only to the extent of a certain commission which has been in effect for a great many years.

Of course, a higher price means a higher commission per unit, but the larger handling probably means a lower price and less commission, so that if the price follows the law of supply and demand, it is entirely possible that the total commissions received from a crop might be the same. If you have a large crop and a low price or a small crop and a high price, the volume of commissions might remain entirely the same.

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: Through research and advertising and increase of consumption that might be expected from such a program with relatively high prices, the factors would benefit?

MR. WILSON: I should say so, yes, 2.5 percent on $75 is more than 2.5 percent on $35.

MR. WEIBERT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Weibert.

MR. WEIBERT: I would like to make a short statement, Mr. Chairman.

PRESIDING OFFICER GIFFORD: All right, you may proceed.

(Witness excused.)

FURTHER TESTIMONY OF H. WEIBERT
JACKSONVILLE, FLORIDA
representing
PENINSULAR NAVAL STORES COMPANY
JACKSONVILLE, FLORIDA.

(The witness was previously duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: Mr. Weibert was sworn previously, also.

MR. WEIBERT: If the processors are assessed for the tags I don't think the factors should be assessed again, because the factor acts as the factor for the processor, and until he has collected his account he is really the one who pays it already, except the ones that are independent.

I feel therefore, that it would be a duplicate assessment.

PRESIDING OFFICER GIFFORD: It would be a duplication?

MR. WEIBERT: It would be a duplication. And also, it is perfectly true that if naval stores should find a larger market that would benefit the factor, because whatever benefits the processor benefits the factor, but in the absence of any certainty that anything will be found, I think it would be premature.

PRESIDING OFFICER GIFFORD: I think this matter is clearly in the record so that the people in Washington can consider it.

If there is nothing further under section 3, let us take up section 4, Article IV. That is the method of allotment of gum naval stores.

(Witness excused.)

FURTHER TESTIMONY OF CARL FRANK SPEH
JACKSONVILLE, FLORIDA
representing
CONTROL COMMITTEE.

(The witness was previously duly sworn by the Presiding Officer.)

MR. SPEH: Mr. Chairman, I think that before we start to consider that I might suggest an amendment which we will offer, or might offer an amendment.

PRESIDING OFFICER GIFFORD: Is this amendment prepared?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: All right.

MR. SPEH: That Article IV, section 4, paragraph 1, be amended to read: "No contracting processor handler shall market a volume of gum naval stores in excess of his allotment, which shall be fixed for him by the Secretary in the manner provided for in this section."

PRESIDING OFFICER GIFFORD: This amendment provided in four copies shall be identified as exhibit No. 12 and made a part of the record.

(The amendment referred to, submitted by Mr. Speh, was marked "Exhibit No. 12" and is attached to this record.)

MR. SPEH: I merely offer that at this time so as to prevent any questions that might have arisen.

MR. WILSON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Wilson.

MR. WILSON: May I ask a question?

PRESIDING OFFICER GIFFORD: State the question.

MR. WILSON: Does that clarify who a contracting handler is?

PRESIDING OFFICER GIFFORD: Will you read the proposed amendment again, Mr. Speh, please?

MR. SPEH: "No contracting processor handler shall market a volume of gum naval stores in excess of his allotment, which shall be fixed for him by the Secretary in the manner provided in this section."

PRESIDING OFFICER GIFFORD: All right, proceed.

MR. SPEH: This section is devoted to the method of making allotments for gum naval stores, or it first, of course, prohibits the marketing by a new processor handler of a volume in excess of his allotment.

It next prohibits the marketing by any contracting handler of gum naval stores which is in excess of such allotment, having in mind that the factor shall not handle any gum turpentine or gum rosin in excess of the allotment or that the distributor shall handle any gum turpentine or gum rosin in excess of the allotment.

That is the sole purpose of paragraph 1, section 4.

PRESIDING OFFICER GIFFORD: Is there any further discussion on this paragraph?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to paragraph 2, section 4.

MR. SPEH: That merely is a requirement of notice so that each processor shall know that he must procure for himself an allotment and the form in which he must apply for it.

It requires that the Control Committee shall give fifteen days' notice of that date.

PRESIDING OFFICER GIFFORD: All right.

MR. SPEH: We feel that the method of giving such notice is ample.

It is mailed to all processors of record and published in such trade papers as are published in the producing area, and we feel that the publicity that has been given to it through the public hearing, through the press and through this hearing, has been ample to know that there is in contemplation such a crop limitation.

PRESIDING OFFICER GIFFORD: Is there anything further on this section?

(No response.)

PRESIDING OFFICER GIFFORD: If not--

MR. BARKALOW: Just a minute, I would like to ask a question.

PRESIDING OFFICER GIFFORD: Proceed.

MR. SPEH: Yes.

MR. BARKALOW: Do you feel that this method of allotment adequately limits the amount which each handler may market in any or all markets in interstate commerce?

MR. SPEH: I think the general statement that he shall not market in excess of that allotment, and then later on the method of making the allotment is given, does definitely limit the volume he may market in any market in interstate or foreign commerce.

MR. BARKALOW: That method which you have set up in here was set up as a uniform rule?

MR. SPEH: Yes, sir.

MR. BARKALOW: Applying to all equally?

MR. SPEH: Yes, sir.

MR. BARKALOW: Is it based upon the amount which each handler has available for current shipment or upon an amount shipped by each handler in a prior period which could be determined by the Secretary to be a representative period?

MR. SPEH: Well, I presume you mean each processor handler?

MR. BARKALOW: Yes.

MR. SPEH: It sets up as a base a specific way of making the allotment, and inasmuch as stock on hand tags for previous stock are also given, it does seem to us to be equitable.

MR. BARKALOW: And this period in which--which you have selected in which you are going to take the amount shipped by each processor, that is an equitable period?

MR. SPEH: We feel it to be equitable, yes, sir, bearing in mind the year 1935.

MR. BARKALOW: Do you feel that you can produce sufficient facts to guard the Secretary so that he can determine that is a representative period?

MR. SPEH: Inasmuch as the allotment for 1935 results from calculations made, taking into consideration the production for the four year period, 1930 to 1933, inclusive, and upon which calculation the allotment for 1934 was made, and the allotments for 1935 being made on the base or average of that 1934 allotment, which as I said, was built up from the previous four year average and the 1933 production put into your 1935 allotment, we feel that it has taken into consideration a typical period.

It has been shown that there have been some cases of undue distress because of the taking an average of any period at all, and it was for that reason that the 1933 figure shows some additional weights in arriving at the 1935 allotment.

The license was amended to that effect, so we do claim that the 1935 allotment represents the activities of each processor during quite a range of period, namely, the four year average.

MR. BARKALOW: Do you feel that the use of this system of allotment will result in a condition under which the total quantity to be marketed during the specified period which you have set up here will be equitably apportioned among all handlers of naval stores?

MR. SPEH: I do. I might add, however, that it is recognized that it is impossible to set up any method of proration which does not bring out some cases of distress. No matter how simple that method of proration shall be, you will find back of it there might be a history of some unusual preparedness, that such a proration causes distress, and bearing that in mind, last year's method of allotment provided a distress pool, which we provided, which is for the purpose of equalization of those distress cases.

I think that we should also bear in mind that inasmuch as a marketing proration has been in existence for two years, that quite a number of operators have adjusted themselves to that change, and therefore the distress does not exist that existed at the beginning of the 1934 allotment.

MR. BANKHEAD: But you do feel that the use of the factors' set-up, A, B, C and D and the other system based on that, will, so far as it can be done, cause an equitable apportionment to be made?

MR. SPEH: We do, yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this paragraph?

MR. HILL: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Hill.

MR. HILL: The question which is now being discussed I think also comes up under 7. I want to discuss this, but I don't want to do it unless this is the proper time.

PRESIDING OFFICER GIFFORD: Well, I think perhaps, if you will discuss No. 7 it will suit us better. If you would give us your evidence.

MR. HILL: The point I am getting at, this is the machinery for getting the information.

PRESIDING OFFICER GIFFORD: Yes.

MR. HILL: The policy of the allotment comes under No. 7.

PRESIDING OFFICER GIFFORD: That is right, and that is where the question is not appropriate as I see it.

Is there any further discussion as to paragraph 2, or any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will pass on to paragraph 3.

MR. SPEH: Paragraph 3 merely provides a deposit with the application. This serves the purpose, you will note, to enforce serious consideration in making out the application. It has a rather retarding effect on the man required to make deposit, so that he does not overstate what he desires, what he thinks he will like to produce, and also it will place in the hands of the Control Committee working capital as there are quite a number of expenses incurred in the preliminary work of a marketing agreement, such as the procuring of tags ahead of time, and the opening of our records, the handling of all applications and the making of allotments.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this section?

MR. SPEH: I might add, Mr. Chairman, that the amount is considered to be fair. It is not burdensome. Each processor is given credit for this amount, as a deposit, and he is not called upon for subsequent payments until this credit has been absorbed.

MR. BARKALOW: If it should be in excess of his equitable prorata share it will be refunded to him?

MR. SPEH: It will be, yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion of No. 3?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will pass to No. 4.

MR. SPEH: No. 4 is a very simple statement, merely authorizing and compelling the Control Committee to use such reasonable means as it has available of checking the accuracy of these statements made under paragraph 2, which forms the basis of making your allotments.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this paragraph?

MR. BARKALOW: Could you not achieve the same end here if you changed the last words after the comma in line 3, "may make such adjustments in the application as the information warrants" to something to the effect that will give such weights to these statements as they warrant?

In other words, you will then not be changing perhaps a sworn statement, but on the basis of your investigation will give it such weight as it might warrant.

The point is, that I doubt the right to change a sworn statement.

Of course, it is understood when you consider these things you are going to pass on them and give them such weight as they merit but to come out and say that you are going to make a change in the statement, why could you not effect the same end in the manner which I suggest?

MR. SPEH: I think it would be well to make an amendment to that so as merely have it a thought of supplemental facts to be sent to the secretary, because after all is said and done, he is going to make the allotments and the Control Committee is going to furnish him information upon which to make those allotments.

If investigation shows that there is some statement being made by a processor and that statement is being made in a sworn statement I have always contended that the Control Committee had no right to change that; they can merely direct attention to it; they can discuss the matter and if the party making such statement is willing, change it; all right, but if not, then all we can do is to merely hand in our recommendation along with that sworn statement and then the Secretary will have to take cognizance of our recommendation or entirely disregard it.

MR. BARKALOW: Would you then care to suggest an amendment to put those last words, to change those words to carry out the thought you have expressed?

MR. SPEH: Well, yes, or we can interpret this, that the information given not warrant a change at all, but merely a recommendation on the part of the Control Committee.

MR. BARKALOW: Well, from a legal standpoint I doubt the advisability of leaving any such right in there, in the Control Board, that they may change a sworn statement at their will. I think the plan you suggest is by far the better plan. I think from a legal standpoint section 4, or I should say paragraph 4 should be clarified.

MR. SPEH: We will be glad to make such an amendment to that paragraph, whereby the Control Committee would merely recommend or call attention to probably some possible misstatement.

Mr. Barkalow: I think it should carry the thought that the evidence to be received by the Secretary on which he is to make his determination should not be tampered with, but that it might be accompanied by any statement you cared to make with respect to the facts contained therein.

MR. McCARTHY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCarthy.

MR. McCARTHY: Wouldn't it cover the point to say, "From the basis of such information they make such recommendation to the Secretary as the information warrants".

Wouldn't that cover the ground of the amendment?

MR. BARKALOW: Are you substituting those words for the last clause?

MR. McCARTHY: Yes, instead of saying "may make such adjustments in the application as the information warrants," say, "may make such recommendations to the Secretary as the information warrants".

MR. BARKALOW: That would certainly meet the complaint that is presented here.

MR. McCARTHY: Sir?

MR. BARKALOW: I say, that would certainly meet the complaint that is presented here.

MR. McCARTHY: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 4?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let us proceed to paragraph 5.

MR. SPEH: We offer here an amendment. It merely is a correction, if I might say that, paragraph 5, line 1, change the word "applications" to "applicants" to make the proposed sentence to read:

"The Control Committee shall classify applicants as old processors", etc.

PRESIDING OFFICER GIFFORD: There is no necessity of introducing that as an amendment. That is simply a clerical correction.

MR. SPEH: That is what we thought.

PRESIDING OFFICER GIFFORD: If you desire to present it as an amendment, you may do so.

MR. SPEH: Well, just so the correction is made, it is all right.

MR. BARKALOW: There is another clerical correction that we skipped over here in section 2, paragraph 6 on page 13. It now reads:

"in the following percentages, during each months of each year".

Of course it is clear that that "s" should come off there.

MR. SPEH: Yes.

PRESIDING OFFICER GIFFORD: Later on, if there are any other clerical errors in here, all you need to do as to matters of that kind, where it shows on its face it is simply that, it is not necessary to go through the form of a formal amendment.

MR. SPEH: The purpose of this paragraph is to group those processors receiving an allotment. As it states, it recognizes the different classifications, old processor and new processor. As old processor it recognizes those processors who were engaged in processing during the calendar year next preceding the year for which application is being made for allotment, and contrasted to new processors who do not fill the conditions as applicable for primary and secondary allotments, and I believe with the amendment which we are going to add in the definitions about defining primary and secondary allotments, I think that whole paragraph will be well explained.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this paragraph?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will proceed to paragraph 6 at the top of page 16.

MR. SPEH: Paragraph 6 recognizes certain conditions, namely, that new people or people who have not previously been engaged in producing and processing gum turpentine and gum rosin may be inclined to come into the business. This would be particularly true as to improved conditions making production and marketing more attractive through a rise in prices.

There has been no intention to prohibit anyone not previously in business from coming into the business. Some may argue and probably fully and justly so, that if the crop combined with the idea of improved conditions under which they will market their product and thereby receive a better price, that it is unfair for others to come in at that time and tend to weaken the entire program.

On the other hand, others, there are others that think it is unfair to prohibit anyone who might decide to go into the business, and so as a sort of recognition of both of those there is a definite percentage set aside to be allotted to new processors, that is, people who have not previously been engaged, who were not engaged in the processing of gum naval stores the year previous to that for which we are making the allotment.

This figure is left blank at this point and the Control Committee is recommending that we insert 2 percent.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Before you discuss that percentage, Mr. Speh, there are one or two questions I would like to ask you about this paragraph.

PRESIDING OFFICER GIFFORD: All right, proceed.

DR. GOLD: Could a person be both a new and an old processor?

MR. SPEH: The individual applicant, no.

MR. HILL: Mr. Chairman, I want to argue that.

PRESIDING OFFICER GIFFORD: The witness is giving his version of this. If there is anyone who disputes it later on or contradicts it or desires to modify it, you will be given ample opportunity later on.

DR. GOLD: I would like an explanation as to what is meant by location which is separate and distinct as contained in the definition of new processor.

MR. SPEH: I would like to correct that. I had overlooked the fact that we had made that change in the definition set-up from this year's license. There was considerable discussion throughout the hearing as to the right and desirability of permitting a processor who might for one

reason or another own timber or have timber under lease separate and distinct from the timber being worked for the production of current allotment and it apparently seems to be the consensus of opinion that the restriction whereby a processor because he happened to be engaged in the business would be prohibited from going out and using that timber which was separate from his present location.

Therefore it should try to provide that if the condition was such that he had distinct timber holdings, either through ownership or through lease, and the set-up was such that he could set up a separate and distinct operation, that is, separate quarters for his workers to live in, a separate still and equipment and an entirely separate organization and a sufficiently separate and distinct body of timber, that he could receive an allotment as a new operation.

That is what is meant by that separate location. He must, however, comply with all of those conditions by having separate quarters, separate still and equipment to be used exclusively for the processing of turpentine and rosin obtained from gum from that particular timber upon the basis of which he is receiving this allotment as a new processor.

There are other requirements that come into it, such as, he must not have had a financial interest of any type in an operation the previous year where this is involved.

Furthermore, one of the requirements is that of this new place, that 75 percent of such allotment is to come from virgin faces. That is with the idea that he cannot go over, take over an old place which has just been released, probably four or five years old, and he merely takes that over and opens up a new place, but it does recognize the fact that there may be or there is some timber involved in this transaction, or some timber so

close to these virgin faces that he needs it to round out his place or build up his allotment to make it an economical operation, so it does permit and recognize a maximum of 25 percent of these faces other than virgin.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: I would like to ask you a hypothetical question to get clearly the meaning of that.

The man last year received an allotment of 400 units of naval stores. Do you contemplate that if this year he wished to produce that allotment from a location different from the one on which he produced his allotment last year, that he would be classified as a new processor?

MR. SPEH: No, sir. Because the allotment goes to him and on that assumption he may use any timber he wishes to produce that allotment.

DR. GOLD: In other words, you mean that when either he expands or wishes to expand or if someone who had not previously been in business wished to establish for himself an allotment, he, or those persons would under this definition be considered a new processor?

MR. SPEH: If he wishes to expand--if he is an old processor and wishes to expand he could only expand under the provision here for filling the conditions of a new processor by opening up a separate location as specified here.

And also you will find the next provision whereby that same person could not open up and maintain one of these separate locations.

It says here:

"No person shall be entitled to more than one allotment as a new processor. If an application for an allotment as a new processor is

received from any person, partnership, corporation, association or other business unit, having a financial interest, by stock ownership or otherwise, in any other application for an allotment as a new processor, only one application from such affiliated interests shall be considered".

So, that limits him from opening up one of these new locations under these conditions.

DR. GOLD: What was the allotment set aside or percentage set aside for new processors in the previous year's agreement?

MR. SPEH: 5 percent. That was based upon what was conceived to be the average of new operations and I think that average was slightly over two percent, but those figures were obtained from the factors' records as thoroughly as we could. They, however, merely represent a new business opening up with these restrictions we have set up there, and there could not be normally the same number complying with these restrictions.

DR. GOLD: May I ask then, that new processor as included under this definition is really a different sort of processor from the processor under the old agreement and license?

MR. SPEH: Yes, sir.

DR. GOLD: Is this more restricted on a new processor?

MR. SPEH: It is more restrictive in the sense that it requires 75 percent virgin.

On the other hand it is somewhat less restrictive inasmuch as it recognizes you might say, the expansion of an old processor, but in practice it really makes no difference as far as the later condition is concerned, because an old processor would merely have by any of his operations under the present license--for instance, the Eureka Naval Stores Company now operating, decided to open up, they could open up as the Acme Naval Stores

Company and thereby file an application and get an allotment as a new processor, inasmuch as your measurement was applicable to the Acme, the Acme is certainly and distinctly a different applicant, and there was nothing to do but to grant the allotment to the Acme. With these provisions, however, it would be more restrictive.

On the other hand, it does definitely create the right to a man who wants to expand under these conditions, it does not force him to stoop to a subterfuge.

DR. GOLD: What percentage has the Committee in mind for this provision?

MR. SPEH: We have recommended 2 percent for this year.

DR. GOLD: Can you tell us what in your opinion is the volume of new processing as defined here that is already contemplated or already under way for the 1936 season?

MR. SPEH: We have no means of telling.

DR. GOLD: Have you any reason to believe it is more than or less than 2 percent which you are now recommending?

MR. SPEH: No, I haven't any basis upon which to even venture an opinion. In my opinion it would have to be based entirely upon the restrictive influence that this provision would have.

DR. GOLD: I am trying to find out whether you believe this is a restrictive provision or not.

MR. SPEH: I think it is. I think the net result would be a restrictive influence as compared with the existing definition.

DR. GOLD: In other words, in the absence of this 2 percent provision, you would expect a greater increase in new processors as defined here than the agreement sets forth?

MR. SPEH: If you did not have a restriction of the definition of new

processor and just threw it wide open, I think there would be a greater volume produced under the new processor, than merely to permit the old operator to expand due to improved production--pardon me, I meant to say improved prices.

DR. GOLD: Then you feel that this provision is in line with the declared policy of the Act under which this agreement is drawn?

MR. SPEH: I do.

DR. GOLD: The principal purpose would be--the probable result would be what, in your opinion?

MR. SPEH: The probable result would be to limit the allotment set aside for new processors to those people who were seriously contemplating getting into the business, and not merely trading, not merely trade broker, and increase the allotment with the idea that they could later turn that allotment over to some one else in one form or another.

MR. GOLD: Does that provision contemplate that all new processors will be treated in exactly the same manner?

MR. SPEH: It does. It contemplates that each applicant for an allotment as a new processor will have to comply with the conditions set down, having complied with the conditions that are set down here, will receive the same percentage that each other applicant as a new processor, does.

It further contemplates that--well, Mr. Chairman, I was trying to connect it. I was under the impression there was a provision in here whereby this new processor should not receive a greater percentage of volume for which he applies than does the old processor receive in his base figure.

DR. GOLD: I believe you have such a notion in mind in regard to the secondary allotment. I think it is so stipulated for the allotment for new processors.

MR. NEWTON: That was the intention, what we intended it.

MR. SPEH: I know the matter has been discussed, and I was under the impression that there is such a provision, the purpose of which being that the old processor receive a certain percentage of his base figure--well, no, I can see now why it is not in there, that such a restriction would work out all right where it is contemplated there would be a decrease, but if there is to be an increase in crop, why, then of course, it would mean you would have to grant this new processor something over 100 percent of that for which he applied. He is not interested in that, so this is all right, as it stands.

DR. GOLD: In your experience with people applying for allotment as new processors has the Control Committee had to considerably adjust such applications?

MR. SPEH: It has; we have had to investigate whether they had sufficient timber that justified having applied for the volume that they did.

It is only human that they should be rather optimistic over possible production under a given season, and it is also only human to figure the more they apply for, if they are going to be cut, the larger the resulting figure.

So we did try to thoroughly investigate the correctness of each application and sift those down to a point whereby they were making a sound application.

We did that, and while it was considerable work, I will say the final result in the making of allotments for new processors I believe turned out as far as the set-up, the net result was, that I believe we allotted to new processors slightly under the volume set aside.

DR. GOLD: Do you have adequate facilities for making these investigations?

MR. SPEH: We had a corps of field men that visited the applicant; we consulted the factors who were financing the production, and also the neighboring operators, and checked up the information from many sources, and it did work out very satisfactory.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Your testimony appears to be a bit vague as to just why 2 percent has been selected. You said you could not tell whether that would meet adequately what would be required.

Could you outline for the record the facts upon which this 2 percent is based? In other words, if the Secretary is called upon to make his determination here, what would be his guide, limitation or standards as to the fact that the 2 percent is the right amount?

Have you any figures with respect to the average number of new processors who come in each year, or as to the average of amount of production from new processors? Upon what do you rely when you figure 2 percent?

MR. SPEH: The original license and marketing agreement set aside 3 percent. That 3 percent was decided upon as a result of conferences and discussions with many of the factors which indicated that slightly in excess of 2 percent of the average annual crop of gum turpentine and gum rosin came from what they consider new operations, that is, operations opened up at different locations, although it might be even by the same party, the same operator, under the same name, who merely went off a distance of ten to fifteen miles and opened up a new place, and it was considered a separate account on the factors' books.

The 3 percent was set aside with the idea of fully providing for all of that, realizing that it was somewhat in excess of the average previous figures.

The 3 percent, as I understand, did fullfill the requirements under the definition of new processor in our 1935 allotment.

Inasmuch as the proposed definition differs somewhat and I believe is more restrictive than the existing definition, particularly in that 75 percent virgin clause, we feel that the volume to be set aside will be ample to take care of any legitimate new processors.

I must admit there is no figure upon which we can definitely base such a statement. There is no way of telling what volume would be requested by new applicants or new processor applicants. The better the conditions in naval stores, the worse conditions are in other farming industries, the more volume is apt to be applied for. I see no way of telling, and if there seems to us to be the figure which would be fair to old processors and not to remove too great a volume from the total volume to be marketed, thereby reducing his allotment, and it seems to be fair to the legitimate new processor.

MR. BARKALOW: And this choice was made after a consideration of the same facts that you considered when you chose the 3 percent, that is you have conferred with the factors and others who are in a position to indicate somewhat, what the demand will be from the new processors?

MR. SPEH: No, sir, we have not.

MR. BARKALOW: Well, then, what are you prepared to offer in the record as a basis for this choice? You have not picked it out of thin air, I hope?

MR. SPEH: No, other than, as I stated, the change of conditions, the change of requirements and the definition of new processor which we

PRESIDING OFFICER GIFFORD: If 3 percent more than took care of it last year, are there any conditions that you think would make it less now or more now, to be required?

MR. WILSON: Nothing except insofar as the new agreement is concerned, a more restrictive provision. It probably will not allow as many to qualify as did qualify under the original agreement.

MR. BARKALOW: I have heard placed in the record testimony with respect to new leases having been taken out and perhaps new activities. Has any test or attempt been made to measure that, or are you in a position to try to assemble facts as a basis for this 2 percent?

MR. SPEH: Most of those increasing leases represent an expansion or increased activity on the part of old processors. They are merely expansions of existing operations. They would not in most cases justify him fullfilling these conditions, namely setting up a separate still, separate quarters, separate equipment and separate organization, and in a good many cases they probably do not reach the requirement of 75 percent of virgin, and so the increase in activity of leases does not necessarily indicate new processor or any processor who would fullfill this. As a matter of fact, that is what gave us the gravest concern, the definite indication of desire to expand the processor operations over this year's operations.

MR. BARKALOW: Are you prepared to submit for the record facts as basis for this 2 percent? Would you make inquiry and in the meantime attempt to assemble the facts?

MR. SPEH: We will be glad to, we will make inquiry of each factor, and then make such other inquiry as we can to determine to just what extent it is contemplated that people will open up new operations in compliance with this provision.

feel will be more restrictive than the requirements we have had in the past, and it is only returning to the approximate figure that the factors have been working on in the past, namely, slightly in excess of 2 percent, and because their figure was based upon operations, not requiring necessarily a minimum of virgin, naturally that figure would be somewhat higher than what it is.

I was wondering, might I suggest that possibly Mr. Wilson or any of the other factors present might care to express an opinion on that.

MR. BARKALOW: I would like to ask if I might have additional testimony on this point, or that you might submit for the record facts upon which this 2 percent is based.

You understand, of course, that you cannot pick exactly 2 percent as the right amount or any other percent, but that you can submit the information that you have at hand indicating whom has been consulted--

MR. SPEH: We will be glad to.

MR. BARKALOW (continuing): --and the facts which they have been able to give you contributing to this 2 percent.

MR. SPEH: Yes.

MR. BARKALOW: I should like to ask also if there are any here who would care to offer their views as to the 2 percent.

MR. WILSON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Wilson.

MR. WILSON: No definite search having been made of any figures as to it, I would not be in a position at this time to say whether I thought 2 percent would be sufficient, or 5 percent.

I will be glad to cooperate with Mr. Speh and go into it and make a survey.

MR. BARKALOW: And those facts looking to a conclusion that 2 percent is adequate and equitable and will, so far as you can determine, take care of the new processor--

MR. SPEH: Well, I would prefer--

MR. BARKALOW (continuing): --as defined in this agreement?

MR. SPEH: I would prefer to reserve the right to, as Mr. Wilson suggested, to converse further, and if we found our original adjustment was incorrect, that we could amend that 2 percent to such a figure as is thought justified. It might be that 1.5 percent would be sufficient, or it might be 2.5 percent.

MR. BARKALOW: You will set forth the facts upon which the conclusion you arrive at is based?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there any reason why we could not reconvene, gentlemen, an hour from now?

MR. BLACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Black.

MR. BLACK: Before you adjourn, down in this same paragraph--

PRESIDING OFFICER GIFFORD: What page is that, Mr. Black?

MR. BLACK: Page 16, page 16, paragraph 6, subsection A.

PRESIDING OFFICER GIFFORD: Yes.

MR. BLACK: It seems that down about the 18th line there it says, after the word "made", there is a comma, and it states "a financial interest shall be considered in determining his allotment as a new processor." Now, up above there a new processor it seems to me, is definitely defined, and that, if left in there, it seems to me, is superfluity of words and that would have a tendency to agitate the minds of the Control

Committee when they are deciding on the definition of a new processor because we have been through that for the past two years.

I would like to see that stricken out, Mr. Chairman.

PRESIDING OFFICER GIFFORD: That will be given full consideration, Mr. Black.

MR. BLACK: Are you going to adjourn now?

PRESIDING OFFICER GIFFORD: Yes.

MR. BLACK: Can I offer that as an amendment?

PRESIDING OFFICER GIFFORD: I thought you were offering it.

MR. BLACK: That is what I say, I would like to see that stricken out. After the comma, after "may", strike out "financial interest, shall be considered in determining his allotment as a new processor".

MR. BARNALOW: You offer that as an amendment?

MR. BLACK: Yes.

PRESIDING OFFICER GIFFORD: Is that all?

MR. BLACK: That is all, unless you want me to tell you my observation of it, why I think it should be stricken out, and that is this: that it goes on and defines up above there a new processor is a man, corporation--a man, firm or corporation who has an exclusive quarters and still operations.

Now, I am going to show you why I think it should be stricken out. Now, I am going to use myself personally as an illustration.

I have a financial interest in a turpentine place; I have a tract of line of 13,000 acres out here about 13 miles from here, and I intend to open up, I intend to build new quarters and still arrangements, and I have 75 percent of the boxes, 75 percent of the boxes or 100 percent will be virgin.

My son is interested with me in this place that I am now operating. There is that financial interest that comes in there, and I have a financial interest in that place, but my son has no financial interest in this new place that I am going to open up. Therefore, that would be of chief concern in the minds of the Control Committee in determining whether my financial interest in this old place would come in, in this new place.

Now, we went through that, Mr. Chairman, for two years, and we had more concern over the definition of new processor than anything else that came before that Committee, and I think it should be stricken for those reasons I have given.

PRESIDING OFFICER GIFFORD: At this time we will recess until twenty minutes to 2 o'clock. That will give us a little over an hour to get our lunch.

(Thereupon at 12:35 o'clock p.m. a recess was taken until 1:40 o'clock p.m.)

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AFTERNOON SESSION

(The hearing was resumed at 1:40 o'clock p.m.)

PRESIDING OFFICER GIFFORD: The hearing will come to order, please.

We were waiting for Senator Black, but perhaps we can go ahead with something else.

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: May I ask one question?

PRESIDING OFFICER GIFFORD: Go right ahead.

MR. WARD: Are you through, Mr. Barkalow?

MR. BARKALOW: Yes.

MR. WARD: Mr. Speh.

MR. SPEH: Yes, sir.

MR. WARD: This provision--do you consider that the provision requiring that 75 percent of this allotment shall come from virgin faces is discriminatory in any way?

MR. SPEH: Well, it is not inequitable. Everyone would have the same opportunity of acquiring timber so as to have virgin faces as they have now. It is purely a question of competition for timber. On the other hand, without that provision in there you would have a large number of operators releasing an excess number of old faces which would then be taken up under the guise of being new operations by separate--new operations being separate and distinct new operations and therefore would be more or less of an expansion, but requiring that 75 percent to be virgin does not encourage that subterfuge, or rather discourages it.

MR. WARD: As a matter of fact, the practice, under the practice in the past two years has it or has it not been found that other processors who had leases that they had worked for two, three or four years, finding their allotment cut down by the application of the marketing agreement, have permitted those to expire, have permitted to expire certain leases which were worked for say, two, three or four years, where ordinarily they might have continued to work them for a longer period of time and renewed the leases?

These leases, I understand, are renewable.

MR. SPEH: Yes.

MR. WARD: In most cases.

MR. SPEH: That is true and to a large extent those were the crops used for the basis of the application for a large number of new processors.

It was only after we made an examination and found that they were purely an expansion or under the guise of an expansion that we were able to eliminate them.

On the other hand, as Mr. Ward stated, there were some of these leases that had expired, or even the man had voluntarily returned the timber without exercising his full lease privilege and the owner then was able to set up a separate operation of his own as a new operator, but/we had required that 75 percent of such faces be virgin, of course, he could not have complied.

As I say, that to my mind is the greatest restrictive clause there, is that requirement of 75 percent virgin.

MR. WARD: My purpose in bringing that out is that I recall having a number of complaints during the past two years from people who were applying as new processors and who have stated that they would not have applied as new processors had not the lessees turned the timber back to them. They feel that under ordinary circumstances their timber would have continued, that they would have had a return from their timber by reason of these leases, and that those probably would have continued except for these control measures, or with the leases expiring they felt that they should have the right to take up those faces and continue to work them for a period of one or two years, and should be accorded an allotment as a new processor.

PRESIDING OFFICER GIFFORD: Is there anything further on this subject?

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: Who are these processors?

PRESIDING OFFICER GIFFORD: That is these people whose timber leases had expired and had it turned back.

MR. BENEDICT: I did not want to interrupt, but I did not want to be passed by on that.

MR. WARD: No, you will be given an opportunity.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: You have a phrase in here in regard to the second part of this second paragraph A, "In the year previous to the year--".

Now, again for clarification, what year do you have in mind?

MR. SPEH: The calendar year, "in the calendar year previous to the year--".

MR. WARD: Insert the word "calendar" here in both places, "calendar", "previous to the calendar year."

MR. SPEH: It might be well to do so, so that there will be no doubt. That is in line 17 of paragraph 6 A.

MR. WARD: One other question, please.

In the previous experience with the marketing agreement there has been a provision similar to this, a similar provision to this for new processors where there was set aside 3 percent.

In substance what percentage of the allotment has been received by new processors as compared to old processors?

MR. SPEH: To the best knowledge that we had when the original marketing agreement was drawn up, there was something slightly over 2 percent of the volume of gum turpentine and gum rosin which came or which was produced by so-called new accounts.

MR. WARD: 2.4 is the figure, as I recall it.

MR. SPEH: 2.4. Those accounts had no limitation. The fact that they were merely opening up a new account, possibly sometimes there was

a new location, and sometimes it merely might have been a new side camp operated with the same still. There was no restriction as to the age of the faces, as to the exclusive use of the still, or anything of that nature that that was based upon, and with these restrictions it seems logical that a smaller percentage than 2.4, whatever that percent was, would be required.

MR. WARD: You are now reducing, or proposing to reduce this percentage for new processors from 2 percent.

Well, first, you have not answered my question, I believe, about what proportionate part of a man's allotment would he get relative to his application in making allotment to new processors in 1933 and 1934.

MR. SPEH: I think last year the new processor received about 85 percent of the volume for which he applied, which was practically the same that the old processor received at his base figure.

MR. WARD: That was 1935?

MR. SPEH: In 1935.

MR. WARD: And in 1934?

MR. SPEH: In 1934 the new processor received--well, it was something under 50 percent. I don't know offhand just what the figures are.

MR. WARD: Less than 50 percent?

MR. SPEH: It was less than 50 percent, yes, sir, for which he applied, but as I stated, we were faced with human nature. A man felt that he was going to be cut and therefore he applied for considerably more than he really expected to get, and in most cases more than he was actually prepared to take should he have received 100 percent of his allotment.

DR. GOLD: Hasn't one of the difficulties that the Control Committee--one of the major difficulties arisen from this matter of making allotments to new processors?

MR. SPEH: That has been a difficulty, but as I said this morning, I believe that in practically every case it was very satisfactorily adjusted when the man was visited, with the facts as we found them. In a good many cases he would much prefer to have made some more, but taking it all in all, I believe that the new processor--there may be a few exceptions--but I think taking it all in all the new processor accepted very gracefully the figures and seemed to be satisfied.

DR. GOLD: You promised Mr. Barkalow to submit additional data which can be used or which will show that this 2 percent you think will be sufficient or is a fair figure, and I presume that that will indicate that you do want to give the new processor his just dues and not discriminate against him.

MR. SPEH: Whatever is considered fair, weighing all factors. Of course, it certainly must be admitted that it would be unreasonable that if a group of operators here bind themselves through some restrictive agreement to hold down the crop that you permit, because of the potential improvement in conditions, that you permit a large body of newcomers into the business who want to, what you might call, riding the wave.

I think there has to be taken into consideration, the greater the improvement the more people that would like to get into the business. That is true of any business.

DR. GOLD: You think there is some justification for limiting new processors through a percentage of their applications, somewhat below what should be given to old processors?

MR. SPEH: No, I did not mean to imply that. What I meant to imply that I think there was justification for limiting the volume to be set aside for distribution among new processors.

MR. BARTALOW: Mr. Boeh.

MR. [illegible]: Yes, sir.

MR. BARTALOW: In this data which you expect to submit, could you include what opportunity has been given to men who might be contemplating going into business to know that there was a new agreement being considered, so that it would not be shown that they were being deprived of their property without due process of law, where as you have said, they should be restricted, and they will come in now and ride the wave.

MR. [illegible]: Well, we have on page 15 a provision that the Control Committee must give at least 15 days' notice.

MR. BARTALOW: Well, I don't think you got my question.

During the interim that there has been no agreement, is it not possible that some have come in for new allocations, and that there may have been at some times a completely new setup in the industry.

Now, what opportunity have they had to know that there was a new agreement and a new control being planned and discussed, so that it would not appear they are being deprived of their property without due process, if they are not now here, coming in and riding the wave, as you said.

MR. [illegible]: Well, the press throughout the south has certainly carried articles about the hearing and those papers receiving general distribution have carried details of the hearing, the matter of the discussion,

and the Naval Stores Review has for quite some time pointed out contemplated provisions of an agreement, pointing out what it would mean to everyone if it was put into effect. There is no question but the Naval Stores Review will continue to publish such articles.

Now I know of no way of reaching every potential producer of naval stores in the south. Everyone who owns a tract of timber might be considered a potential producer of naval stores so there is no way of reaching them individually. We would have to do it through the press and through general information.

I doubt if you can go into any section of the naval stores belt without finding that the people are aware that there is a discussion going on regarding a proposed marketing agreement.

MR. BANKALOW: Is it your opinion from the circumstances you cite, namely, that there has been notice of this in the trade press, that these men could be expected reasonably to have had knowledge of the new control plan that is intended, or at least to know that one might come into effect soon?

MR. SEEH: I think it would be a fair statement to say that there has been sufficient publicity so that anyone who contemplates entering into the naval stores industry, particularly bearing in mind now that we have had this for two years, that surely their neighbors have been discussing the matter pro and con, that they should know that there may be some restriction.

MR. MC CARTHY: Mr. Chairman.

PRESIDING OFFICER CLIFFORD: Mr. McCarthy.

MR. MC CARTHY: May I ask a question?

PRESIDING OFFICER GIFFORD: Certainly.

MR. MC CARTHY: Wouldn't the same question you raise in regard to new processors apply to old processors? Wouldn't the question as to increasing new processors who are preparing to go into business apply as well to old processors who have expanded their operations by new leases, taking their capacity upon what they could hope to obtain under an allotment basis?

MR. BERALCH: That is why I am asking the question. I said that some might be contemplating going into a new location and some might be contemplating starting anew altogether. I expected to cover both of those conditions.

MR. MC CARTHY: I would think that the question of depriving a man of his property without due process will apply as well to the old processor who had expanded and would not be permitted to work them if the agreement went in, as it would to the new processor who went in on an entirely new location.

MR. STEH: Excepting this, Mr. Chairman, that the old processor has been working under an allotment system and is thoroughly familiar with the machinery of it, and so it would not be any news to him beyond the fact that it was revived, and he undoubtedly has been watching even more intensively than the man merely contemplating going in.

PRESIDING OFFICER GIFFORD: You must realize that so far as we are concerned, we are taking evidence here to build a new contract. The old contract is out of existence. Therefore every vested interest that has arisen between then and now must be given the same consideration as though there never had been a contract.

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: As of the date when the agreement was adopted?

PRESIDING OFFICER GIFFORD: When it was terminated. From that time there has been no agreement.

MR. BENEDICT: Up to the time --

PRESIDING OFFICER GIFFORD: Up to the time of the new agreement or until they had reasonable notice. I don't know whether there is a provision in here on that, as the effective date at which the contract will be considered made --

MR. BENEDICT: There has been a feeling in the whole industry that the old agreement was no longer in effect and any man was free to go out to do what he pleased.

PRESIDING OFFICER GIFFORD: That is the very point we are talking about. Even if we wanted to, we all know that if they come within the requirements of the law that you cannot do those things without giving ample opportunity to defend and protect their rights.

MR. MC CARTHY: I would say that if expansion by old processors and by new processors has got to be taken into consideration under any agreement, that we had better change the basis of the allotment. If you have got to take from the man who did not expand because he thought there was going to be an agreement and take -- and give to the man who expanded in spite of the fact that there would be a change, then we had better change the basis of the allotment.

PRESIDING OFFICER GIFFORD: We will discuss that question just a few minutes later.

MR. MC CARTHY: All right.

PRESIDING OFFICER GIFFORD: We are going to raise that question as

a specific point just a few minutes later.

MR. MC CARTHY: My feeling is that he went into it with his eyes open and just took a gambler's chance.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Is it your thought, the one you have just expressed here, that due to the fact that only certain parts of the agreement and license were brought to an end and that this Control Committee which represents the producer and processor had been authorized to negotiate a new agreement, it was your thought that those who are now in business and who are still affected by the agreement except those parts which have been terminated, -- and one part of course, is the allotment feature -- should have knowledge that their own committee under their authorization was negotiating a new agreement?

MR. SPEH: I think through the press and through the Secretary's order and also all sorts of publicity these processors were informed that there was just that allotment feature that had been terminated in the marketing agreement and suspended in the license. There was no termination of that allotment feature in the license. So far as the operator is concerned, it was just as possible for him to interpret that license under which the entire industry was operating, might have a renewal of that suspension of the allotment feature and the allotment feature again taken up. That was entirely possible had some arrangement been made to stop some of the bootlegging and to again take up the allotment feature with tags.

So I think theoretica ly it is just as possible to say that they should have anticipated that they are continuing under this license as

they are, as they made the decision that everything was off.

Of course, there was considerable publicity given to the fact that the Control Committee felt it their duty to make an effort to have a new marketing agreement, taking into consideration the amendments to the AAA, to see if the industry did want it. The Control Committee felt that they had no right to pass judgment beyond that, and to say the industry was no longer interested in a marketing agreement.

They had shown to an overwhelming extent that they did want a marketing agreement and license. It was not the industry that suspended it; it was the Secretary of Agriculture, and Mr. Mc Intosh stated in Washington that he felt that fully 85 per cent of the industry was complying and living up to all the terms of the marketing agreement.

That statement was made at the time it was being considered to suspend the license or the marketing agreement.

I don't know whether it is proper to make that statement as coming from Mr. McIntosh, but I know it was made; it was made in my presence.

PRESIDING OFFICER GIFFORD: We are getting to a subject, gentlemen, that is not appropriate here --. Before this can go in a certain percentage must ratify it. We are starting now so far as allocation is concerned, as though you had never had a marketing agreement. What transpired under the old marketing agreement is only useful as far as this hearing is concerned, as something from which you can draw experience, but so far as the legal status is concerned, we are starting just as though you never had one, as I understand it.

MR. MC CARTHY: Do you think, Mr. Chairman, you would have given recognition to the fact, or that you would have to give recognition to the fact

that a man expanded even though he knew the marketing agreement might limit him?

PRESIDING OFFICER GIFFORD: Well, I cannot answer it for you, but it just looks to me like we ought to build it up from the economic conditions we find among the people as they are now.

That is what I am trying to get you to do.

MR. MC CARTHY: Well, so far as having been notified of the intention to be given an opportunity for the new agreement, I think all the factor houses knew it, and all the processors, that is, a very large per cent of them.

PRESIDING OFFICER GIFFORD: This is a matter that I feel should be disposed of in just a few minutes by stating what the notice has been, and to a large extent you have answered that, I imagine.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Gold.

DR. GOLD: If you consider all of the wording of this section there, Mr. Speh, the one which Senator Black immediately before we adjourned for lunch, the second sentence of paragraph A reads: "'new processor' shall mean any person who owns, has leased, or has an option to lease timber", and then you conclude that sentence by saying that it is not to include or that it must be a separate and distinct location in which he has a financial interest, by stock ownership or otherwise.

Now, how could he own, lease or have an option if he had no financial interest in the particular area for which he was making application for allotment?

MR. SPEH: He could not.

DR. GOLD: What are your recommendations in regard to that? There

seems to be a contradiction.

MR. KELLY: Where is that?

DR. GOLD: It is paragraph A of section 6.

MR. SMITH: The 10th line, Mr. Kelly.

DR. GOLD: The tenth line. It begins:

"For the purpose of this agreement the term 'processor' shall mean any person who owns, has leased or has an option to lease timber --".

Then it goes on to say that this must be at a location separate and distinct from any location in which he has operated as a processor, but adds this phrase "or in which he has a financial interest by stock ownership or otherwise."

MR. KELLY: That refers to the location, doesn't it?

DR. GOLD: In other words, this is separate and distinct from the old location.

I am sure we understand the meaning of that term. I think that clears it up in my mind.

Senator Black.

MR. BLACK: Yes, sir.

DR. GOLD: In regard to the discussion which you began immediately before we recessed for lunch, as I see this paragraph, is not the latter sentence, the meaning of the latter sentence, the one on which you commented, as far as that no faces previously worked by this man or this organization in which he has or had a financial interest, shall be considered in determining his allotment as a new processor.

MR. BLACK: That is right, Dr. Gold, but I am telling you that I am afraid that this Control Committee is going to interpret that to mean a financial interest, the one that is owning a new place has a financial in-

terest in the old.

DR. GOLD: That ought to be cleared up for the record. You mean that means faces?

MR. BLACK: Yes.

DR. GOLD: That is the motive by this financial interest?

MR. BLACK: Yes.

DR. GOLD: Do you feel that if it was clear that the meaning here was in regard to faces, that that clears up the point that you were making?

MR. BLACK: Yes, sir, faces of timber on old location.

DR. GOLD: Now, it does not make reference to timber; it is only that certain faces --

MR. BLACK: Well, that is clear, faces.

DR. GOLD: Yes.

MR. BLACK: But I don't think it ought to apply there to the financial interest. I think that is ample.

DR. GOLD: I think the record is clear on that now.

Thank you.

PRESIDING OFFICER GIFFORD: Is there anything further under that section now?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let's take up --

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: I would like to suggest an amendment something like this:

"Provided that the provisions as to still and equipment may in the

Served in the [illegible].

DR. BELL: What ought to be changed to try for results. Can such

that source [illegible]

MR. BLACK: Yes.

DR. BELL: What is the motive to this [illegible]?

MR. BLACK: Yes.

DR. BELL: Do you feel that if we allow this sending type

was to regard to [illegible], that this change or the total bad pic were making

MR. BLACK: Yes, sir, [illegible] of [illegible] to old [illegible].

DR. BELL: Now, is there not some reference to silence; it is only

that certain types ---

MR. BLACK: Well, that is okay, [illegible].

DR. BELL: Yes.

MR. BLACK: But I don't think it ought to scale their [illegible] to the de-

mand [illegible]. I think that is wrong.

DR. BELL: I think the Treasury is right on this [illegible].

Thank you.

[illegible] BLUNDON: It [illegible] wouldn't [illegible] any

time now?

[illegible]

[illegible] DR. BELL: Let's [illegible] ---

MR. [illegible]: Mr. Chairman.

[illegible] DR. [illegible].

MR. [illegible]: I would like to suggest as amendment something like

this:

"Provided that the provision in [illegible] not applicant may in the

discretion of the Secretary be abrogated on showing of facts".

PRESIDING OFFICER GIFFORD: You have heard Mr. Benedict's proposed amendment to section A of section 6. Is there any further discussion on that?

(No response.)

PRESIDING OFFICER GIFFORD: I take it that you mean that if a man already had adequate still facilities.

MR. BENEDICT: My idea was, if I could convince the Control Committee that I owned a separate and distinct location, that there I would have to have new quarters too, but by reason of, say, it is twenty miles to the still where we have plenty of capacity, it would be unnecessary expense to us to put up a separate still there, but it is an entirely separate and distinct location. We cannot work it without new quarters.

DR. GOLD: By "quarters" you mean living quarters?

MR. BENEDICT: For the workers, yes.

DR. GOLD: It would require new living quarters?

MR. BENEDICT: Yes.

DR. GOLD: But you do not favor requiring a new still?

MR. BENEDICT: No, living quarters. The living quarters cost, say $4,000 or $5,000 and a still costs $2,500. You have got to have quarters; you can't work it without quarters, but it is unnecessary if you have got other capacity within -- and it is all moved towards Brunswick, and, for example, we haul stuff from another location clear to Brunswick because it is all going to Brunswick, and it would just be totally unnecessary expense to require me to put up a separate still to work that stuff.

DR. GOLD: On the other hand, do you feel there might be cases in

which it was not necessary to set up quarters or was not necessary to set up a still? Is that feasible?

MR. BENEDICT: Yes, you can haul workers ten to twenty miles.

DR. GOLD: Now, as I understand that amendment, you merely made reference to the quarters.

MR. BENEDICT: Dr. Gold, as I said before, I don't think this method of allotment is practicable, that it ever will be practicable, but if I can conform to it I will try to.

I think it would be absurd if I am recognized as a new processor and permitted to open up that new place if I put up a still. It is absurd to make me put up a new still if I don't need it.

DR. GOLD: The gist of your amendment, Mr. Benedict, is to have the Secretary able to review --

MR. BENEDICT: That is it.

DR. GOLD: (Continuing) -- the circumstances in regard to a new processor?

MR. BENEDICT: Yes, sir.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: May I ask a question?

PRESIDING OFFICER GIFFORD: You may, certainly.

MR. AYCOCK: I understand that your statement is forgetting now the allotment as a new processor?

MR. BENEDICT: Yes, sir, I forgot to say that I think that should be limited to the owner.

MR. AYCOCK: The owner of the land or the owner of the lease?

MR. BENEDICT: The owner of the land.

MR. AYCOCK: If he owns the lease, that is different?

MR. BENEDICT: I have got to expand, gentlemen. It is against the policy of the Control Committee to permit expansion. This section permits expansion to an old processor.

Now, I have got to expand if I am going to pay my taxes.

PRESIDING OFFICER GIFFORD: I think it is very clearly in the record, the proposition of Mr. Benedict's.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: Allow me to point out the fact that if his additional new camp could be considered a new location, then in the tract of timber that I am working of some 200,000 acres, every time I put up a new camp I could consider it as a new operation and ask for an additional allotment as a new processor.

MR. BENEDICT: May I ask if he is working under a single contract with the owner of the land?

PRESIDING OFFICER GIFFORD: I understood that this was limited to one extension.

MR. AYCOCK: One camp.

PRESIDING OFFICER GIFFORD: Limited to one additional camp.

MR. NEWTON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Newton,

MR. NEWTON: The purpose of this, speaking for the Committee, is that we wanted to permit new locations where they are separate and distinct from existing locations, and if the provision is put in that Mr. Benedict injects,

it would result I feel in expansion for everyone. If I would be permitted just because of ten crops by erecting quarters and everything except a still, some other party could claim the same thing just for a few crops of boxes.

Now, the purpose of the installation of the still and everything else is to make sure that it is separate and distinct from existing operations, and not an expansion. If you permit expansion in one case you have to permit it in another.

PRESIDING OFFICER GIFFORD: I think we have the proposition clearly. Mr. Benedict has stated his position, and so I think the proposition is quite clear I am sure.

If there is nothing further on that, we must move on. Let us take up subsection B.

MR. SPEH: Subsection B refers to secondary allotments to processors. The Control Committee recommends 1 per cent of the total volume to be set aside for marketing -- of the total volume to be marketed be set aside for this purpose.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Speh, would you explain briefly the meaning of secondary allotments for new processors?

MR. SPEH: The secondary allotment is that allotment going to a processor to take care of the turpentine and rosin produced from purchased gum.

It is recognized that there may be some people who had not in the past been engaged in the buying of gum and they may decide that that is rather a profitable business. It is entirely possible to have this condi-

tion as developing in the territory in which they are operating, making it more desirable for people to produce gum in that territory, and therefore the need for marketing developing, and this merely to recognize that change that may take place both on the part of men, of the man who has not previously purchased gum,and also to recognize any change or any increase in his desire to purchase gum, by permitting him to get a new secondary allotment.

MR. GOLD: What is the size of your secondary allotment for a new processor in the previous years that the program has been in effect?

MR. SMITH: 1 per cent.

DR. GOLD: Did you find -- did the Control Committee find the percentage adequate to take care of any needs?

MR. SMITH: That 1 per cent did not meet all of the requests for new secondary allotments. It fell far short of it, but to a large extent the surplus was made up of requests received prior to the time limit for making allotments. They kept dribbling in, say, up to I think March and April, long after the season was well under way.

The volume applied for was far in excess of what we had, but again we found that we were dealing with human nature. This was looked upon as a means of expansion. Applications were made. The applications were supposed to include the names and addresses of those people from whom they intended or planned to buy from and the possible volume of gum that would be made available, so as to indicate a proper amount of turpentine and rosin processed from that purchased gum.

The operator was very prone to be over optimistic as to the volume available. We found that while one processor planned to buy some gum from Tom Brown, some otheroperator -- some other processor planned to buy from

Tom Brown, so that they were both put in the applications, the basis of which was to purchase from Tom Brown. So we had considerable difficulty in eliminating a good many duplications.

And, here again, we have no means of accurately forecasting what volume of gum would be necessary.

I am frank to say that if you were to make that 5 per cent you would probably find sufficient applications to take care of it. It is entirely possible that if you were to make it 10 per cent, and you would restrict the balance of production, you would find you would have sufficient applications to take care of that, and it would be merely used as expansion. This secondary quota has nothing to do with a man's own ability to produce. It simply depends upon his activity in going out and encouraging other people to produce, and at a price he is willing to pay for gum.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: May I ask a question?

PRESIDING OFFICER GIFFORD: Yes, Mr. Boykin.

MR. BOYKIN: Mr. Speh, when you say if you set aside 5 per cent of the total crop you would find applications sufficient to take care of it, I would like to ask if you refer now to owners' secondary allotment or new processors, or if you include the old processor-handler?

MR. SPEH: No, I meam the new secondary allotment.

MR. BOYKIN: For new processors only?

MR. SPEH: New secondary allotment, whether they be old processors or new processors.

MR. BOYKIN: Oh, I see.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Have you any facts that you can supply for the record to support this percentage?

It appears to me now that the record is somewhat confusing when you say that you could use 5 per cent or 10 per cent and that would all be called for.

Can you show why you picked that particular percentage and what was the basis of its selection, and why you think it is adequate and equitable?

MR. SPEH: Well, so far as equitable, as was testified here I believe on Saturday, that slightly over 10 per cent of the total volume of gum turpentine and gum rosin is processed from gum; if you set aside a certain percentage for new processors, and then you contemplate that the new secondary quota would bear the same percentage relation to the new processor -- in other words, the new primary allotment, then you would set aside normally 10 per cent of that; that is, if you are setting aside 2 per cent for new processors for primary allotment, with the same percentage relationship you set aside .2 per cent for new secondary allotment, but it was recognized that volume would be so small it would not take care of it and probably would not take into consideration the trade interest of increasing turpentine products from purchased gum, that we thought that we should set it at a larger figure.

We set it at the smallest round percentage there was, 1 per cent. We admit it is rather outlined by the percentage relationship, by price and secondary quotas, as established under old allotments.

MR. BARKALOW: Well, was there any attempt made to find out whether

1 per cent was adequate? Have you made any surveys to try to determine how much of this will be asked for?

MR. SPEH: There is no way of telling. As difficult as it is to determine the exact figure for the new primary allotment, it would be even more difficult even to foretell what you would need under this. Frankly I do not know anyway in which we could foretell.

MR. BARKALOW: You could at least state the facts on which you base this.

MR. SPEH: Well, just as I have stated, the original setup was 3 per cent for new processors, and 1 per cent for new secondary allotments. That was set up on the basis that normally 10 per cent of the turpentine and rosin marketed came from purchased gum, and on that same basis then your percentage should be 3 per cent for new processors and .3 per cent for secondary allotments, but just to have it in round numbers, the 1 per cent feature was adopted.

MR. BARKALOW: That is an added amount rather than restricted, is it not, 1 per cent being higher than .1 per cent?

MR. SPEH: Yes, sir.

MR. BARKALOW: Could we have sufficient facts now in the record as a basis for the finding of fact by the Secretary, that that is equitable and adequate and was chosen because of the facts surrounding it, rather than just as a convenience, because 1 per cent sounded better than the fraction?

MR. SPEH: Frankly, I know of no way of determining it any better than that.

Possibly some of these other gentlemen can help me out.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: You have reference in the proviso for applications for secondary allotments by new processors to people who made application in the previous year. Again, do you mean the calendar year?

MR. SPEH: The calendar year.

DR. GOLD: That is all I have.

PRESIDING OFFICER GIFFORD: If there is nothing further on subsection B, let us take up subsection C.

MR. SPEH: We have first asked for an amendment to that subsection C, the last line on page 16.

PRESIDING OFFICER GIFFORD: Have you that amendment prepared?

MR. SPEH: Well, possibly instead of calling it an amendment, we could call it a correction.

Strike out the word "deems" and substitute the word "finds".

PRESIDING OFFICER GIFFORD : It is just a matter of phraseology.

MR. SPEH: Yes, sir. This proviso is to create the number of units which can be used in equalizing the allotment, that is, in certain cases as the use of the method of making allotments where it works an undue hardship on the operator, the Control Committee may draw upon this pool to relieve that distress, and to do that a definite amount is set aside.

In the existing marketing agreement and license 5 per cent was set aside.

There is no way of telling whether that is adequate or not beyond the fact that the Control Committee gave the producers an opportunity to state their case and where the operator could justify or produce evidence that he was unduly distressed, the Control Committee prorated that pool so as to meet the distress. In no case was the operator satisfied to the extent of 10 per cent.

Then we must bear in mind that this particular operator making the appeal received his allotment calculated in the same way as every other operator, but because of peculiar conditions involved in his own particular case, his allotment was somewhat below that which he was then prepared to make.

I might be able to illustrate that by stating that if an operator had continued increasing in production during the four year base figure he would have an average below his 1933 production, and therefore when his 1934 allotment was made he would receive the marketable percentage of that average which would be still further below his 1933 production, namely, the latest year in which he was equipped to produce, so that he was distressed and it was with the idea of contributing somewhat to that relief by drawing upon this pool, to add something to the allotment which was given to him under the regular calculation, that we had this pool set aside.

Now, this year because a good many of those inequalities had been ironed out it was felt that the same volume would not be needed, the same percentage of volume would not be needed, so that the committee has recommended three per cent instead of five percent, - three per cent instead of five per cent, as we did last year.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: May I ask a question?

PRESIDING OFFICER GIFFORD: Yes, Mr. Boykin.

MR. BOYKIN: May I ask the question, if the five per cent which was set aside under the license last year for the distress pool having been already distributed to those who were suffering unduly, that portion will not be added to his 1935 allotment for the purpose of this agreement, and

that will make his base figure.

MR.SPEH: No, the final allotment as ref rred to here is that allotment which he received plus his distress; in other words, it is the final allotment. Any distress given to him becomes a part of his allotment.

MR. BOYKIN: I submit for the record that the five per cent has already been distributed.

PRESIDING OFFICER GIFFORD: As I understand, - I may be in error, but my understanding of this is that this five per cent was distributed to those whose allotments were found to be wrong and it was distributed to them in order to make their base allotment correct.

MR. SPEH: Not wrong on the basis of calculation, but --

PRESIDING OFFICER GIFFORD: Just inequitable.

MR. SPEH: Well, I hesitate to use the word "inequitable".

Were found less than we found to be fair and equitable.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Can you answer Mr. Boykin's question?

MR. SPEH: Well, I understood Mr. Boykin to be under the impression that the allotment, his final allotment, did not include his distress, and I want to convey the information that the final allotment was his original allotment plus his distress figure.

MR. BOYKIN: That was the question, yes.

DR. GOLD: Mr. Speh, can you mention probably what is the principal type of distress that you take care of? Does that, in your opinion, cover the main type of problem that you are supposed to take care of in this section?

MR. SPEH: The question of the type of distress coming before the

committee, before the Control Committee, was that of preparedness in excess of a man's allotment, that preparedness being that he had already had leased or had purchased and faithfully contemplated the working of the timber, and therefore his allotment was not going to permit him to fully utilize all the timber he had under lease.

There were several appeals to the committee for a type of distress where the man said he was so far in debt that unless he was permitted to work, produce or market a certain number of units that he could not meet his obligations. The Control Committee undoubtedly gave some weight to that, but felt that was something more or less beyond their control, that the only thing in which they were interested was in seeing that the man was not unduly distressed under the application of the terms of the marketing agreement, so far as the allotments were concerned, and for that reason we gave more weight to his preparedness, or the fact that his allotment did come far below what he had set out to make. They would not take into consideration, as far as I can recall of any impression that I have, that a man had large tracts of timber that he would like to work or that he was a large land owner. It was more his actual preparation in the naval stores business itself, that is, did he have a certain number of crops already under lease or on which cups had been hung.

DR. GOLD: This provision gives a very wide discretion to the Control Committee, does it not? Has your committee given thought to the possibility of enumerating the types of problems under which they would act, stipulating thosesorts of problems that they would face?

MR. SWEM: Well, in the first place, of course the Control Committee merely investigates and reports their findings to the Secretary with their recommendation. He is the one that makes the adjustment, so there is no

reason for the Control Committee to avoid their responsibility.

There was discussion last year of the Control Committee listing the types of distress and what constituted the distress. In fact, if I recall correctly, each time that we have discussed the writing of any portion of this agreement the same discussion has come up, and my only answer is that we have not done it, probably because it is rather impracticable to do it.

DR. GOLD: Do you think it would be possible for the guidance of the Control Committee to stipulate the principal factors that the Control Committee entertains in these investigations and then put in a more general term which will cover those which it is impractical to define?

MR. SPEH: I think that is possible, yes, sir.

DR. GOLD: I would like to recommend that something of that type be done.

MR. SPEH: In other words, you would like to have us suggest the types of distress that are to be taken into consideration in the proration of this pool?

DR. GOLD: To the best of your ability, yes.

PRESIDING OFFICER CLIFFORD: I think Major Burkalow wants to make a statement at this time off the record.

(There was a discussion off the record.)

PRESIDING OFFICER CLIFFORD: Now, let's go back on the record and ask Mr. McCarthy to enumerate those things which have been set up at this time, which will not occur again, which leads to his belief that three per cent will be adequate.

Do you care to make a statement, a further statement for the record, Mr. McCarthy?

MR. MC CARTHY: You mean in line with what I just said?

PRESIDING OFFICER GIFFORD: Yes.

MR. MC CARTHY: Well, I would say that the Committee found that five per cent under the old agreement was not sufficient to relieve all of the distress that came to their attention but did do so to a great extent, and they estimate that the additional three per cent under the new agreement will, so far as they can tell, relieve the inequalities in the allotment that may exist.

PRESIDING OFFICER GIFFORD: Thank you.

Now, let's proceed.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Could you supply for the record any facts with respect to the three per cent, as to why you feel that will be adequate this year to take care of the distress, other than those facts which are in the record already?

MR. SPEH: Could we have a recess for just a moment?

PRESIDING OFFICER GIFFORD: We will have a five minute recess.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: Let's proceed, gentlemen.

Is there any further discussion as to sub-section 3?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will pass to sub-section D.

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Speh,

MR. SPEH: In view of the feeling that possibly we are not as definite

in our recommendation for sub-sections A, B and C, regarding percentage, let me say that these figures given are based upon the experience of the committee in its two years of operation of the marketing agreement, and we feel that experience, which is of a definite direct nature, is probably as valuable and is of greater importance than the general impression under which the industry has been working in the previous years, because it is based upon that experience and results that we are recommending these figures and in the clause on the distress pool the five per cent figure was set aside, and it was found to have been inadequate to completely meet all of the requests for distress relief, but did relieve to a considerable extent, but it is found that an additional amount is still necessary and the committee in making these allotments on the distress pool, figures that the additional three per cent will meet this deficiency, and it is for that reason that we have asked for the three per cent.

PRESIDING OFFICER GIFFORD: Is there any further discussion?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will proceed to subsection D.

MR. SPEH: This is sub-section D, I think I have an amendment there of Article IV, Section 4 Paragraph 6 (d), amend to read, the second line, "will permit each contracting old processor participating in a secondary allotment".

PRESIDING OFFICER GIFFORD: This proposed amendment in four copies will be identified as Exhibit No. 13, and made a part of the record.

(The proposed amendment to Article IV, Section 4, Paragraph 6 (d), above referred to, submitted by Mr. Speh, was marked "Exhibit No. 13", and is attached to this record.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Is that the only amendment you have for that clause?

MR. SPEH: Yes, sir.

MR. BARKALOW: I would like to ask what your opinion would be about changing the words in the first line, "in the opinion of the Secretary", to read, "a finding of facts by the Secretary indicates," so that it would now read, " _____ units, which a finding of fact by the Secretary indicates, will permit each contracting old processor", instead of "in the opinion of the Secretary".

MR. SPEH: All right, sir. Do you wish to file that as an amendment?

MR. BARKALOW: No, I am just asking if you think that would clarify the language and might be an appropriate amendment.

MR. SPEH: I think it would.

MR. BARKALOW: Would you care to include that in your amendment?

MR. SPEH: All right, sir, we will be glad to.

MR. BARKALOW: Can that be accepted that way?

PRESIDING OFFICER GIFFORD: If you will get it done and give it to the reporter.

DR. GOLD: Mr. Speh.

MR. SPEH: Yes, sir.

DR. GOLD: What size allotment in 1934 and 1935 was set aside for this secondary allotment to old processors?

MR. SPEH: Ten per cent.

DR. GOLD: Why was it ten per cent?

MR. SPEH: Because it represented what was found to be as nearly as

we could tell the relationship that the turpentine and rosin made from purchased gum bore to the total turpentine and rosin.

DR. GOLD: What is contemplated for the proposed amendment --- the proposed agreement and order here?

MR. SPEH: I would say possibly ten per cent again of the total to be allotted be set aside.

DR. GOLD: You mean ten per cent of the gum allotment?

MR. SPEH: Yes, sir, of the gum.

DR. GOLD: That would amount to how much? Do you have in mind what is the total figure on that basis?

MR. SPEH: Well, that would all depend upon the total volume you decided to market.

DR. GOLD: Your committee has given its recommendation already in regard to the total size to be marketed, so that you contemplate some figure.

MR. SPEH: I will say on that basis you would set aside anywhere from 47,500 to 50,000 units.

DR. GOLD: That is all.

PRESIDING OFFICER GIFFORD: Are there any other questions or any other discussion about this sub-section?

MR. MC CARTHY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCarthy.

MR. MC CARTHY: I notice in the last paragraph it says: "If the quantity so deducted shall prove to be too large for the purpose intended, the remainder shall be added to the quantity set aside pursuant to subparagraph (c); if the quantity deducted shall prove to be too small the deficiency shall be made up out of the quantity set aside pursuant to sub-

paragraph (c)."

This would contemplate that all of the deficiency should be made up out of that paragraph, out of the amount under sub-paragraph (c).

PRESIDING OFFICER GIFFORD: You are naturally asking a question that the Secretary will ask. That is why we are anxious to try to get specific facts to show that percentage in here will take care of those things.

MR. MC CARTHY: Just what would be proper there, I don't know, but it seems to me the distress under that paragraph should be made up out of the quantities set aside pursuant to paragraph "C", as far as it will go, but it may not be sufficient.

DR. GOLD: Mr. McCarthy, would you presume that it might be a wise move to make the allotment under (d) something less than ten per cent, and then add the difference between that and, say, ten per cent to sub-paragraph (c)?

MR. MC CARTHY: I don't know that I quite understand what you mean, Mr. Gold.

DR. GOLD: If in your opinion it is possible that you may not take care of all that you have in mind in Section C under paragraph (d), would your best basis be to sufficiently increase the quantity allowed under sub-paragraph (c) and decrease either paragraph (d) or others enough to take care of that situation.

MR. MC CARTHY: Well, I think it should be worded so as to provide that they would get the same percentage of distress as is contemplated in sub-paragraph (c). The wording of this, it would seem to me, that all the deficiency should be made up.

DR. GOLD: Do you have in mind adding some others which so far as possible shall be met out of the quantity set aside?

MR. MC CARTHY: Yes, on the same prorata basis.

paragraph (e)."

This would contemplate that all of the deficiency should be made up out of that paragraph, out of the amount under sub-paragraph (e),

[illegible]

[illegible]

[illegible]

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: You have prorated what you have here. Yet, to add others who have suffered would cure that defect, which so far as possible would be made up.

PRESIDING OFFICER GIFFORD: If there is nothing further under Section D, let's proceed to sub-section 7 on page 17.

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Speh.

MR. SPEH: This is a statement of the method of making allotments.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: What year is contemplated, Mr. Speh?

MR. SPEH: We have an amendment on that which we are suggesting, so that it reads in the fourth line, "the final allotment of each applicant for the calendar year next preceding the year", etc., the purpose of that being to clear up any misunderstanding as to what is meant by the allotment, as Mr. Boykin requested before, and then also point out that we mean the calendar year and not any other form of naval stores year.

PRESIDING OFFICER GIFFORD: This amendment will be identified as Exhibit No. 14, and attached to the record and made a part of the same.

(The proposed amendment to Article IV Section 4, paragraph 7, line 4, above referred to, submitted by Mr. Speh, was marked "Exhibit No. 14", and is attached to this record.)

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

Mr. Speaker, I rise to a point of order. I
would like to ask the hon. member for Dartmouth
East (Mr. Forrestall) a question. Would he be
willing to table the document he has in his hand?

MR. SPEAKER: Order, please. The hon. member for
Dartmouth East has the floor.

MR. FORRESTALL: Mr. Speaker, I am quite willing
to table the document. I have no objection to
doing so.

MR. SPEAKER: Is it the pleasure of the House to
allow the document to be tabled?

MR. DIAMOND: Mr. Speaker, I would like to ask the
hon. member a question.

MR. SPEAKER: The hon. member for Burin-St. George's.

MR. DIAMOND: Mr. Speaker, I would like to ask the
hon. member if he would be willing to table the
letter he received from Mr. Doyle.

MR. SPEAKER: Order, please. The hon. member for
Dartmouth East has the floor.

MR. FORRESTALL: Mr. Speaker, I am quite willing to
table the document. I have no objection to doing
so.

MR. SPEAKER: Is it the pleasure of the House to
allow the document to be tabled?

DR. GOLD: The allotment that you have in mind, Mr. Epeh, is it based on a series of past years' production, the allotment base?

MR. EPEH: The allotment, if I might just review what this sets up, after having determined the total volume of gum naval stores to be marketed you set aside that volume for new processors, for a new Secretary quota and for the distress, the remaining volume then represents the volume available for proration among the old line, old processors, and you determine the total of the allotment, the final allotment of each applicant for the year previous to that for which you are making the allotments, then you determine the percentage that the volume to be distributed is of that total.

DR. GOLD: Yes.

MR. EPEH: And in that way you arrive at a marketable percentage.

DR. GOLD: What was the allotment for the calendar year based upon?

MR. EPEH: This allotment for 1935 which serves as the basis then for making the allotment for 1936, was based upon the average of his 1934 allotment and his 1933 production; his 1934 allotment was based upon his average of his four years production or a less fewer years if he was operating less than four years.

So, as a matter of fact, this allotment form, - the proposed method of allotment does take into consideration the man's production for his previous four years, as well as for his allotment for 1934.

DR. GOLD: Is the year of allotment base that you have selected representative of conditions existing in your industry?

MR. EPEH: We feel that inasmuch as it does take into consideration the allotment for 1934 and 1935 when there was, you might say, a marketing control, and then inasmuch as those allotments were based upon the four year

average without market control, that we do take into consideration a typical representative period.

DR. GOLD: Do you have any other bases on which you are recommending this particular base period, this allotment period?

MR. SPEH: The Control Committee has none other.

DR. GOLD: For instance, there is always a problem of securing adequate data. Does this base that you have selected make it possible for you to consult adequate records in your 1934 allotment?

MR. SPEH: Well, the records show definitely the allotment made in 1935; the records also show the allotment made in 1934.

DR. GOLD: In other words, you have procured the evidence necessary for making this allotment?

MR. SPEH: We have.

DR. GOLD: And that is readily available for use in setting up the allotment basis?

MR. SPEH: It is.

DR. GOLD: Do you feel that this particular allotment base which you have set up is something which the processors are now used to?

MR. SPEH: We believe that most of the processors have adjusted their operations to conform to the allotment given them, and therefore they would not be subjected to as much hardship in making any future allotments as they would, should you make any change in the method of making the allotments, which would mean that a good many of them would have to readjust themselves.

DR. GOLD: Thank you. I would call on Mr. Benedict at this time, Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

(Witness excused.)

(Witness excused.)

FURTHER TESTIMONY OF R. H. BENEDICT,
REPRESENTING BRUNSWICK PENINSULA COMPANY,
BRUNSWICK, GEORGIA.

(The witness was previously duly sworn by the Presiding Officer.)

DR. GIFFORD: Mr. Benedict, do you wish tomake a statement at this time?

MR. BENEDICT: Yes, sir.

PRESIDING OFFICER GIFFORD: You may proceed, Mr. Benedict.

MR. BENEDICT: I want to say, Mr. Chairman, as I have already said, that I don't believe your method of allotment will ever work, that until the allotment is tied to the land or the timber, that you can get a satisfactory method of handling allotments.

Now, it is an awful big subject and it would take more time than I have been able to give to it, to suggest or work out a system basing the allotments, fixed to the diameter limits or the land, and I just wish to offer this as a tentative suggestion.

In the first place, I don't see why after this year, under the evidence offered, we have been able to operate without restriction, that the 1935 production should not be taken as a primary allotment, the basic allotment.

My suggestion for an amend is as follows:

The allotment of each applicant shall be determined as follows: The allotment for old processors, except owner processors, shall be the total production of naval stores made by the applicant during the calendar year 1935.

Now, the basic allotment for owner processor shall be that quantity of naval stores which the acres of timber land owned will produce at the rate of forty units per 1,000 acres, provided that no owner processor shall

receive an allotment not more than 25 per cent in excess of the quantity produced on these lands during 1935.

Also, provided --no, I might say that I had the idea, but it is too big a question for me to work out, or make a provision for those owners of managed estates, managed property, who harvest their timber through contractors, they should also be provided for, but I just could not work it out. It might be possible. I know we have one. We lease from one owner who is managing the property, or trying to, like we all are, whom I would be perfectly willing to give a power of attorney so far as the allotment of the whole of the marketing agreement is concerned. The only thing I want is I would not receive less than if I made application direct.

Now, you can write there completely definitions, by the term "owner-processor", meaning the owner of timber land, which is under a system of forest management, who himself harvests and processes his turpentine crop".

I might say that there are a number of us, - Mr. Hall who was here Saturday, asked me to speak about this, - they have a number of properties, I mean managed, that could not get started that last year on account of lack of allotments.

Mr. Ottmeier, of the Superior Pine Products Company, expressed his difficulty. They have got 225,000 acres, a total of about, say, 225 crops, and all they are now working is about 45 crops and cannot possibly pay out.

I myself have got 80,000 acres, and we have got approximately 80 crops. We are working about 35. And, Mr. Chairman, it is not enough to pay the taxes. Unless we people who in good faith have purchased land down here in the south, or who raise timber, are granted an allotment somewhere in proportion to the crops we will never be able to pay out.

DR. GOLD: Does the scheme that you contemplate have in mind that the owner of the timber will get a materially higher allotment than they received in 1935?

MR. BENEDICT: Yes, or else I would not be kicking.

DR. GOLD: Do you have any opinion as to the approximate increase that you aim?

MR. BENEDICT: That is limited to 25 per cent. I mean no one would be increased more than 25 per cent.

DR.GOLD: Do you feel that if the timber owners are given an increase in allotment of 25 per cent, that all the others should be given an increase of such a per cent?

MR. BENEDICT: If the system is based, or the same principle is adopted, or any processor who leases has got to get the owner of this land, he is going to lease to make an application.

DR. GOLD: Then your main concern is that the increase in allotment should be the same size for all processors of naval stores?

MR. BENEDICT: Well, sir, we are beginning all over again, and imagine that we had a lot of number 9 inch trees, 9 inch workable faces in the whole territory that constitutes the turpentine crop. As I see the constitution and law - and I am no lawyer - every man who owns timber with workable faces has got the right to harvest the same proportion of his crop as has his neighbor.

DR. GOLD: Regardless of whether he owned it or leased it?

MR. BENEDICT: Well, I am speaking of the owners now. The lessees have always been taken care of. They have got contracts. The lessee is pretty well taken care of under this existing agreement.

DR. GOLD: Do you feel that it is possible that the amendment that you recommend would mean that for timber owners there would be a larger increase, percentage increase permitted than for the people who lease?

MR. BENEDICT: It would for some. I am only acquainted with a few cases that I am personally familiar with.

DR. GOLD: In other words, I would like to ask whether if the proposed scheme were to allow for the same increase over 1935 allotment for all processors, that would meet the point you have in mind?

MR. BENEDICT: Well, of course, this is a primary allotment or basic allotment. We had to take our cuts, take our proportionate cuts.

DR. GOLD: Just as any other processor?

MR. BENEDICT: I think any would.

DR. GOLD: But it would be satisfactory to you to have an allotment scheme based on an increase over, say, 1935 which was equitable among all processors?

MR. BENEDICT: I would want to examine that to see how it affected me.

DR. GOLD: Suppose I tried to give to give you an example. I want to be sure that we understand the meaning of your amendment.

Two processors receive an allotment in 1935 of, let's say, 500 units each. One, we will say, is a timber owner and the other is a lessee of his property.

If the proposed agreement were to set up an increase in the allotments for both of 25 per cent, would that be in line with the amendment which you set up?

MR. BENEDICT: If the allotment provided what? 25 per cent increase for every one?

DR. GOLD: Yes.

MR. BENEDICT: No, it is not necessary. The lessees are working out timber they purchased. I mean has a definite amount, and I don't think they should be on the same basis as thosepeople who own the land and can't get the benefit of the leases.

For example, say, that this old agreement is out, that any leases purchased since August, 1935, - is that the date- will be recognized, if I am a lessee processor I would go out and tie up a lot of timber. I am going to get an allotment for that, but I being the owner of my own timber, I cannot get an increase, and it just is not fair, gentlemen.

I can go lease property, and I can lease my own timber to somebody else.

DR. GOLD: You have set up an example in which a man were to decide as of this date to go out to lease this property?

MR. BENEDICT: Yes.

DR. GOLD: You say that he would get a complete allotment on that new location?

MR. BENEDICT: According to the chairman's interpretation of the present status of the old agreement.

PRESIDING OFFICER GRIGGS: It would be considered in determining his allotment, and it is a question of law that the courts probably will have to pass upon or the Secretary or the Solicitor's office, as to whether that will be the basis or not, and that the rule of vested rights is one of vested rights and it is pretty hard to get around.

DR. GOLD: Mr. Benedict.

MR. BENEDICT: Yes, sir.

DR. GOLD: You have read over this agreement?

MR. BENEDICT: Yes, sir.

DR. GOLD: Do the provisions for applications for new processors not make it possible for a person, whether he is leasing the property or owns it, to set up --

MR. BENEDICT: No, Dr. Gold, that is just going around the bush. I don't just like the idea.

I may say that last year I applied as a new processor for this same property I am talking about. The Control Committee granted it. I got an allotment of something like 400 units. In casually mentioning it to the chairman of the Control Committee, he says "Why, you have no right to do that", and I admitted it, under the regulations, so I never used it. I did not want -- I did not know but what the Control Committee might say they had made a mistake, after I got out my cut, and I could not work it. I did not want any trouble, and even though I received this application as a new processor I did not use it, after hearing the judgment of the chairman.

DR. GOLD: You were authorized to have a new allotment?

MR. BENEDICT: I received the allotment, yes, sir, but it was absolutely contrary to the regulations. The regulations provided specifically that no existing processor should get an allotment as a new processor.

DR. GOLD: That is not true of the new definition, is it?

MR. BENEDICT: No, it is not true of the new one.

DR. GOLD: Do you feel under this new definition that you could legitimately make application and legitimately receive an allotment?

MR. BENEDICT: I don't know how much I will get. I have no way of telling what I will get.

DR. GOLD: But do you feel that the machinery is available to you here for making application?

MR. BENEDICT: I think it is poor machinery. I am just beating around the bush to get an allotment as a new processor, when I am definitely an old processor, an existing processor and the land is all under the same title.

Last year I could have gone ahead and gotten a new crop and made application ---

DR. GOLD: In regard to the basis for allotment, do you feel that a person should be based on their prospective production or on their current production or past production?

MR. BENEDICT: I have said I should think it should be based on the number of turpentine crops you have got, not the number of turpentine crops you are harvesting, but the number you own.

DR. GOLD: In other words, that might conceivably be produced?

MR. BENEDICT: What?

MDR. GOLD: That might conceivably be produced. You don't mean what is actually produced?

MR. BENEDICT: You can call it the production of crops.

Of course, in fruit, you have not to wait until the fruit ripens. In the case of turpentine trees we have got to wait until we chip the trees and gather the gum.

DR. GOLD: Well, in terms of production, do you understand that to mean all of the trees that are available to be faced or what has been faced or what any person might conceivably be allowed to face?

MR. BENEDICT: No, I mean 9 inches limit, and I would be willing to take the 10 inch limit on new stuff.

DR. GOLD: You mean 10 inch limit on everything available, in your opinion?

MR. BENEDICT: From a forest standpoint 10 inch would be better, but I don't think you would be able to get it, however, because of so much financial pressure on a lot of owners that could not wait.

DR. GOLD: The particular basis you are interested in is for the productive ability?

MR. BENEDICT: I would rather put it that I feel the fair basis is to get your proportionate share of crops that you own.

DR. GOLD: Well, these are not crops that you have produced in the past. They are crops that you might be able to produce. Do you think you can produce in terms of timber that is available, is that correct?

MR. BENEDICT: Well, it is the same way in growing cotton or wheat, you have them ready to harvest because you have got the crop, haven't you?

DR. GOLD: I don't want to be in the position of answering the question, but I would like to ask you whether you would mean by - let's take such a hypothetical answer - do you mean, for instance, that cotton, the cotton grower should have an allotment based on the amount of land not only that he had grown cotton on, but the land which he might conceivably plant in cotton?

MR. BENEDICT: No, I don't think cotton is fair. If you take an orchard you will get something more similar.

DR. GOLD: In that case of an orchard, does not the man have the trees that had been planted and were producing fruit in the past?

MR. BENEDICT: No, say a new orchard is planted. Say I am in the citrus business, that I am not a producer now, that I haven't produced, but, say,

that my orchard which I planted seven, eight or ten years ago, commences to bear this year, I feel I have a right to get an allotment.

DR. GOLD: Well, you don't like the scheme for application for new processors but you grant, do you, that there is such a scheme in the proposed agreement?

MR. BENEDICT: Yes, but I would have to wiggle around to get it.

DR. GOLD: Actually there are a number of operations necessary before the pine tree becomes converted into crude gum for naval stores, are there not?

MR. BENEDICT: Yes, sir.

DR. GOLD: It is somewhat different from the condition of a fruit tree which has been planted in the past and produces fruit as a result of the fact that it has been planted, is it not?

MR. BENEDICT: Dr. Gold, they are all similar in their inherent nature. You have got to prepare, you have got to do things to raise a crop. You have got to cultivate the trees, you have got to prune them, you have got to spray them, got to do all of these things to get a crop. If you don't do them you will not -- you are not liable to get any crop.

While the chipping process is different, it is still just one of the incident steps that you have to take, the things you have to do to obtain your harvest.

DR. GOLD: Are you acquainted with the provisions under the Act or the basis under which allotments are made?

MR. BENEDICT: I think I am.

DR. GOLD: Do you recall that it is past or current production which is the basis for allotments?

MR. BENEDICT: Past "or" current?

DR. GOLD: Yes.

MR. BENEDICT: Past "and" current, isn't it?

DR. GOLD: I believe the Secretary is --- Mr. Marlalow;can probably help us out on that.

MR. MARLALOW: It is "or". Under the ruling it is based upon the amount produced or sold by such processors in such prior period as the Secretary determines to be representative or upon the current production of sales of such processor, or both.

DR. GOLD: The definition you have given of base would follow this provision of this Act under which we operate?

MR. BENEDICT: That is in the basic act.

DR. GOLD: That is in the Agricultural Adjustment Act, yes.

MR. BENEDICT: Would you phrase your question again, please.

DR. GOLD: Yes, I will be glad to help you.

Maybe I should outline briefly the basis for allotment as set forth in the Act.

The Act says that for allotment to producers the basis shall be as the Secretary determines, the current or past production, as he believes to be adequately representative.

My question to you then is, does the amendment for the allotment as you have suggested it, seem to you to be in line with or to follow under the Act by which we operate?

MR. BENEDICT: As to old processors, yes. That would be current, that would take the present year's production, 1935, as the basis as primary allotments for old processors.

DR. GOLD: Can you conceive of his using, as you have suggested, some future production? Would it fall within the meaning of the Act as we operate? I believe your amendment involves potential production rather than real production, either current or past.

MR. BENEDICT: That is a hard question for a man who is not a lawyer to answer.

PRESIDING OFFICER CLIFFORD: Perhaps it is a legal question and you may want to give some thought to it, and perhaps later on make some remarks for the record on that subject.

MR. BENEDICT: All right, I will try to think that out, but I doubt that I can.

MR. BANKALOW: Mr. Benedict.

MR. BENEDICT: Yes, sir.

MR. BANKALOW: I would like to ask you one question, if I may.

MR. BENEDICT: Yes, sir.

MR. BANKALOW: If we are going to have limitation of what is going to be marketed, if we took everything that could be marketed from these trees which now stand, we would have no limitation, would we? If every man were allowed to market anything he could take from the trees which he now owns or had under lease, we would have no limitation, would we?

MR. BENEDICT: My suggestion involved the diameter limit, I mean I intended to, which the present limit is nine inches. As I say, the ten inch limit from a forest management standpoint is more desirable, and in the end would bring you more money than the nine inch, so that the diameter limit would be a restriction, be a limitation.

MR. BANKALOW: Do you believe that if only that gum produced from

trees over the nine inch size could be marketed, that it would be a sufficient limitation to carry out what we are trying to do in this agreement?

MR. BENEDICT: Probably at the present price.

I may say that my own personal feeling is that Mr. McIntosh's figures of next year's crop are pretty accurate. I mean it is all a guess. There is not so much timber.

I might say that Captain Eldredge's survey showed the gap will probably end about 1940 in which there will be a limited supply of turpentine timber. What we are all afraid of is the crop that is going to come on after 1940, to 1950, when we will have two or three times the present cropage of what every forester would look forward to, of getting rid of this crop, the tremendous crop which will come into being at that time.

There is this about the diameter limitation. It is a guess, and then you have governmental prohibition due to specific limitation to the crop that you get through this tag business.

MR. BANKALOW: If we used that nine inch limitation how are we going to fit that into the Act which says it shall be based uponhhow much has been sold, with respect to what has been produced during the representative period, of current production, or both? A man's current production would come from trees other than nine inches, would it not?

MR. BENEDICT: Current production? No, we have been operating under nine inches, under the nine inch limit, except in one place, so that the present production is practically wholly from nine inch trees.

PRESIDING OFFICER GIFFORD: Are there any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: Is there any further discussion of Paragraph 7?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let's proceed --

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

(Witness excused.)

FURTHER TESTIMONY OF T. S. BOYKIN,
WAYNESBORO, MISSISSIPPI,
REPRESENTING BOYKIN & SON,
STATE LINE, MISSISSIPPI.

(The witness was previously duly sworn by the Presiding Officer.)

MR. BOYKIN: I intended to prepare at the noon hour an amendment to this section providing for a fifty barrel exemption or a fifty unit exemption for each old processor-handler, having in mind that a great many of the handlers or processors process a very small amount of turpentine and rosin, and under the proposed agreement they might suffer adversely, and the hope and anticipation is to cure that.

I suggest that be amended, so that under the old agreement that fellow who made a small amount of turpentine would not suffer more in percentage than those who made a large amount, because they are less able to stand any cut which they might receive.

Most of them who processed that small amount of turpentine from year to year, turpentine and rosin from year to year, had been increasing their small operations. It was more or less a one man affair that he had built up. Under the four year average he was severely cut for his 1934 production and his 1935 production.

So, in fairness to those whom I think have suffered more than anybody else, I would like to incorporate in there somewhere a fifty barrel exemption for every processor, provided he had processed that much in 1935,

and then after having deducted that from his total the allotment for 1936 could be made.

DR. GOLD: Mr. Boykin.

MR. BOYKIN: Yes, sir.

DR. GOLD: Have you thought over the practical administrative problems involved in a step of that type?

MR. BOYKIN: Administrative problems?

DR. GOLD: Yes.

MR. BOYKIN: Yes, sir, I have.

DR. GOLD: For instance, what do you contemplate the effective means of enforcing a provision such as you have?

MR. BOYKIN: Some form of tags would have to be supplied to the processor by the Control Committee or those in authority to allow that fifty unit as I figure here, to move to the market the same as it now moves under the allotment.

DR. GOLD: Then they would not be allowed to move any of that that were not tagged?

MR. BOYKIN: No, sir, without this kind of tag, some form of tag, and I should say in form something as the stock-on-hand tags, which after the 31st day of January were allowed to move to storage or to market.

DR. GOLD: Do you have in mind how large a proportion of the total crop would be affected by the amendment which you have set forth?

MR. BOYKIN: I do not.

DR. GOLD: Can you conceive of any cases in which it would -- there would be possibly persons who ordinarily process considerably more than the fifty unit allotment, evading the restrictive provisions by qualifying

or setting up machinery to qualify for small producers?

MR. BOYKIN: Under the proposed agreement, I do not. The danger of evasion there would be very small.

DR. GOLD: Mr. Chairman, I would like to hear some general discussion on that, please.

PRESIDING OFFICER GIFFORD: If there is any one present who would like to discuss that we would be very glad to have your views on it.

(Witness excused.)

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Speh.

FURTHER TESTIMONY OF CARL FRANK SPEH,
JACKSONVILLE, FLORIDA,
REPRESENTING TUL CONTROL COMMITTEE.

(The witness was previously duly sworn by the Presiding Officer.)

MR. SPEH: I am not sure, Mr. Chairman, that I grasp what Mr. Boykin means by exemption. If as apparently is contemplated by the crop for 1936, setting a figure greater than that of 1935, of course, there will be no reduction in the allotment in 1936 as compared to that of 1935. There is nothing to be gained by the exemption. As a matter of fact, if you exempt him, why, you withhold from him the benefit of the increase which will come to him if there is an increase in the crop. On the other hand, that is, if you meant by the exemption to entirely remove from regulation the man receiving an allotment of fifty -- I am not clear in my mind as to just what Mr. Boykin meant by that.

Was that proposition, that any producer under fifty barrels would be not within the provisions of the agreement?

MR. BOYKIN: No, sir, I would not attempt to exempt anybody or remove from restriction any producer-handler. In other words, "spot" every

producer of fifty units, provided he has made it.

Now, if he has not made it in 1935, of course, you could not "spot" him for more than he has made, but that applies to every producer.

Then above that fifty units make it accordingly.

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: Would you say, Mr. Boykin, - you understand, for instance, there are 2,500 processors receiving allotments. You would start first by allotting independently fifty units to each one, so that would be approximately 125,000 units that you would have taken out and given to them, then the balance of the crop distributed on the basis as outlined here?

MR. BOYKIN: That is true, provided the individual produces fifty units in the next preceding calendar year.

MR. SPEH: I would like to ask Mr. Boykin if he means "producer"or "allotment". I think he referred to it several times as if he was allotted that in 1935.

MR. BOYKIN: Well, now, I take it they are synonymous, inasmuch as the license has been revoked. However, you can go back to the allotment.

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Speh.

MR. SPEH: I can't quite carry the idea of restricting this man if there is going to be no reduction. The only benefit coming to the small man is to be exempted from a reduction, should there be a reduction. Inasmuch as there does not seem to be any evidence so far that any reduction is contemplated this man does not get that exemption.

Now, if Mr. Boykin had in mind that this man would be permitted to increase to an extent beyond that which would come to him under the normal allotment, then I could see something to be gained by it, but Mr. Boykin

apparently hasn't that in mind because he keeps referring to the fact that he would not get his fifty barrels if he had not been allotted that amount under 1935. That is, suppose an operator had received an allotment in 1935 of 30 units. Now, you come along and set the crop for 1936. After working it out mathematically possibly this man's allotment works out to 34 units. He is entitled to that if he can produce it. In other words, he is on the same basis as any one, whether he produces 250 or 300 units.

PRESIDING OFFICER GIFFORD: Suppose if your allocation - I don't know whether I have it quite straight or not, and I want to get it straight - the man that I think he is trying to help is the man who is prepared to and can produce fifty barrels. Under the arrangement he is only producing 35 barrels, say. He wants to be put in a position so that he is free to produce 50 barrels; in other words, your allotment ---

MR. BOYKIN: No, sir.

PRESIDING OFFICER GIFFORD: That is not right?

MR. BOYKIN: No, sir.

PRESIDING OFFICER GIFFORD: All right, let us get it straight.

MR. BOYKIN: If he only produced 35 barrels under his allotment last year - you can contemplate an increase but I contemplate there may be a decrease - as we have very often said, it is a matter of guess work; but if you produce 35 barrels under the allotment last year, let him take normally what he would receive as from any increase which might come, but I am saying, if there was a decrease, then certainly fifty barrels for everybody would not be bad. I don't mean he should have advantage of anybody else to increase his output up to 50 barrels.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Boykin, why do you say you contemplate a decrease in the allotment for 1936? Do you mean that it should be lower?

MR. BOYKIN: No, sir, I believe more stuff is going on the market than a great many others believe. However, most of the gentlemen who testified along that line are better able to guess this year's crop than I am, but I think there is going to be a great deal more yet marketed this year between now and the end of the producing season than some of them who have testified believe.

MR. NEWTON: Mr. Chairman.

PRESIDING OFFICER GILLIGAN: Mr. Newton.

MR. NEWTON: Having talked to Mr. Boykin some on this matter, I believe if you will bear with me I can illustrate what he has in mind on this small man who has gradually grown during four years, but his allotment is based back to the beginning of 1930.

Assume he made 20 barrels in 1930; 30 barrels in 1931; 40 barrels in 1932 and 50 barrels in 1933, and so for the year 1934 he received an allotment of 25 barrels. He was cut 26 barrels, and that was an undue hardship on that little man who was prepared to make 50 units.

Now, to help correct that, the license was amended a year ago, and this quota of 26 barrels, he actually received that, and yet in the 1933 production, 50 barrels, giving an average of 38, of which this past year his marketable percentage was 85 per cent and all he gets is 32, and so he is still distressed to the extent of 18 barrels, and it is this small operator that he is speaking of, that is almost wiped out.

Now, as I understand Mr. Boykin, he means to give an exemption to any producer up to 50 barrels, provided he is in a position to make it.

MR. BOYKIN: Certainly, I would not say that if he had never produced over 25.

MR. NEWTON: But this man had built up to 50, and therefore if he could make 50, he would be given his 50.

MR. BOYKIN: Yes, sir.

MR. NEWTON: And if he could only make 40, he would have to be brought up to the 40. That is your proposition?

MR. BOYKIN: Yes, sir.

DR. GOLD: Mr. Newton.

MR. NEWTON: Yes, sir.

DR. GOLD: Do you mean if he should have produced 50 barrels or 50 units in the year, in any year or years, or the year immediately preceding the year in which the allotment is being made?

MR. NEWTON: The year immediately preceding the year the agreement went into effect.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: May I ask Mr. Boykin a question?

PRESIDING OFFICER GIFFORD: You may, certainly.

MR. AYCOCK: I understand from your proposition, Mr. Boykin, that the man who made as much as 50 barrels is going to be given 50 barrels to start with before any allotment is made?

MR. BOYKIN: Yes, sir.

MR. AYCOCK: All right. Take the man that has an allotment of 50 barrels and you give him 50 barrels, you forget then that he has an allotment of 50 barrels, don't you?

MR. BOYKIN: Mr. Aycock, I said "spot" him fifty barrels.

MR. AYCOCK: Well, that is giving him 50 barrels.

MR. BOYKIN: All right, he, couldn't use 50 more.

MR. AYCOCK: Suppose he had a 100 barrel allotment and you give him 50 barrels to start with, then what would you give him on the allotment?

MR. BOYKIN: He could only use that other 50.

MR. AYCOCK: Then he has no cut whatever.

MR. BOYKIN: Yes, if there was a cut, to be cut from less than 50 --- for instance, say, there was a ten per cent cut ordered, and thought desirable, and he had a 100 barrel production, you would give him 50, and then you would cut the other 50 ten per cent, which would be five, and he would have then --

MR. AYCOCK: 95 barrels?

MR. BOYKIN: Yes, sir.

MR. AYCOCK: He would have 95 barrels.

MR. BOYKIN: Yes, sir.

MR. WEIBERT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Weibert.

MR. WEIBERT: Mr. Boykin mentioned the fact that 50 barrels were such a small quantity, but the man who has his still, has his own equipment, should not be reduced below 200 units if he has the timber and can finance it, because a man would probably have some reason to curtail his output. He is the one who would not favor a small output because he has to build up again in order to stay in business. If he falls below 200 units he can no longer have his own still and keep going, because his overhead is absolutely out of proportion to the amount of stuff he puts out. 200 units, it seems to me, is absolutely the smallest quantity that a man who has his own equipment can keep going on.

You must remember now that I am speaking for the man who has his still, has his quarters, who has his mules, and so on, he cannot keep on going, if he is put down to, say, 150,or 100 barrels. If he is, you might just as well close him up.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Weibert, can you give us any opinion as to the probable volume produced by persons of the size that you have mentioned?

MR. WEIBERT: I am afraid I cannot, because in order to do that I would have to know how many of the small producers ship through factors. I know in my own business I have quite a few now, and they are so reduced that they can not go on, but I am in a little different position because I figure that we know our people could not go on when conditions became so bad.

Now, that was before the marketing agreement was put into effect. Then when the marketing agreement was put into effect these people were based on the small average they had made, when, as a matter of fact, they had reached the point where they should have expanded a little again, in order to be economically sound.

DR.GOLD: Does the figure you have in mind include any crude gum that they might process?

MR. WEIBERT: No, I mean from the leased timber.

DR. GOLD: In other words, the 200 is simply what they themselves leased and were processing?

MR. WEIBERT: Yes, because if they buy any gum, competition is so keen that it is simply, in the processing of 200 barrels of crude gum, there would not be anything in it for the man who has his equipment, and all of that.

Of course, the processor who buys gum, there are quite a few that process from 1,000 to 2,000 to 3,000 barrels because they buy gum everywhere.

DR. GOLD: In your experience have there been many processors who operate under leases who have made less than 200 units?

MR. WEIBERT: Well, when they fall below 200 units they cannot go on any longer; they will soon peter out entirely.

DR. GOLD: Do you know of any that have been operating at less than 200 in the last two years?

MR. WEIBERT: Oh, yes, but I mean people that have no other income, that just are turpentine processors, that when they come below 200 units they are economically no more able to go on for any length of time. They may go along for a season or two, but they cannot pay their expenses and make any money.

DR. GOLD: Do you contemplate any way in which such an amendment could be formulated so as to set up a man who is a bona fide processor? It has been suggested, for instance, that there are many people who have part time farming, of which turpentine is a part, and they don't even contemplate anything like 200 units.

MR. WEIBERT: They are not processors and probably they sell their gum.

DR. GOLD: You don't believe there are many part time farmers?

MR. WEIBERT: No, a turpentine man has to give his attention to his turpentine. He has a farm, he makes a little hay and a little corn for his stock, and that is all he does, and I have always believed that that costs him more than if he bought it.

DR. GOLD: As the marketing agreement has been developed here, it has occurred to us that the purpose has been to provide an adjustment of marketing, a gradual change. Does the proposal you have made contemplate a very

drastic change in terms of total amount to be marketed? Have you any opinion as to what it would mean in regard to the total amount to be marketed?

MR. WEIBERT: No, but I do not know how many of these people ship to other factors. Of my own, I don't believe it would amount to very much, but it means a whole lot to the individual.

DR. GOLD: In terms of the proposed program, do you think it would iron out the difficulties which have occurred in the past?

MR. WEIBERT: It would iron out inequalities and hardships for the small processor.

DR. GOLD: Do you think it would make a more equitable agreement?

MR. WEIBERT: Very much more equitable, it would be a very much more equitable agreement.

MR. BARKALOW: Mr. Weibert.

MR. WEIBERT: Yes, sir.

MR. BARKALOW: As I understand this proposal of Mr. Boykin, it is this: If in the case of gum, if a man could show that prior to this time he had produced 50 units, and in the case of a processor, four times that amount, that the application of this system of allotment would not be allowed to reach them in the way that it would reduce them from 200 turpentine and from 50 of the gum, provided they had the capacity and had produced that in the past?

For example, if a man produced 50 gum in the past, by applying this he would go down to, say, 28 or 32, but you would then set a minimum on the allotment. Any man who had produced 50 would get at least that 50. This system would not begin to work with respect to him until he got his 50. Now, if he had produced more, it would begin to work after 50, and he would be cut down above 50, but if he could produce 50 and had produced it, he

would get 50 as a minimum, and the processor would get 200, as a minimum.

MR. WEIBERT: The fact that he has not perhaps used not quite 200 in the previous year should be considered. It should be considered that if he has the money and has the timber and can build the business up to 200 he should be allowed to do that.

MR. BANYALOW: You mean if he has a present production of 200 or had produced it in the past?

MR. WEIBERT: Not his present production. The question is that that man should not be restricted in doing business of 200 units if he has the timber to get it and the finances.

MR. BANYALOW: The only thing is that we are tied by the law that states if he has produced it in the past or his present production.

MR. WEIBERT: Well, you have to get away from that, then.

MR. BANYALOW: We cannot get away from that. It is the law under which we are acting.

MR. WEIBERT: That man, then, has to go to the wall. He has to shut up. In a few years he will be out of business.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GILLIGAN: Dr. Gold.

DR. GOLD: Mr. Speh has some data relative to this, and I wonder if you would mind telling us approximately, Mr. Speh, the number of persons and volume of production which is as of record, to be 200 units or smaller.

MR. SPEH: We have analyzed the 1935 allotment, as we have in previous years, and I have here the number of operators who have received allotments between one and twenty-five barrels; from 26 to 50 barrels; from 51 to 100; from 101 to 150; from 151 to 200, showing the number of barrels allotted to each of those groups, and it shows that of the total number of

processors, namely, 2,233 listed, 1,540 received allotments of 200 or below, and that they received an allotment of about 80,000 units.

DR. GOLD: That is approximately seven per cent of the total allotments, is it?

MR. SPEH: I think it runs to 19.6 per cent of the total volume allotted, because this is the net allotment after deducting --

DR. GOLD: The total allotment?

MR. SPEH: (Continuing) -- the total volume allotted to regular processors, and they received 19.6 per cent of the total volume allotted. That gave an average of something slightly over 50 barrels per person to those under the two hundred.

DR. GOLD: I do not understand your last statement.

MR. SPEH: That is the average allotment then of this whole group receiving 200 or under, to be 50 units. In other words, the average would be 150 below that minimum.

DR. GOLD: In other words, you are testifying that the actual production has been very considerably below 200 minimum which has been suggested?

MR. SPEH: Yes, sir.

MR. WEIBERT: May I ask a question?

PRESIDING OFFICER GIFFORD: Certainly.

MR. WEIBERT: Mr. Speh, a great number of those must be people that made gum and had it distilled, that was classed as processors.

Now, I have in mind not such people. I have in mind our bona fide processors who have their own still and their own equipment. I have not in mind the small people who just make gum and send it to a nearby still to be processed and be shipped in their own name, that are classed as processors.

DR. GOLD: Are you able to break down those figures to give us the picture that Mr. Weibert is discussing, Mr. Irsh?

MR. SPSH: We have no record showing who owns stills or does not own stills.

DR. GOLD: Is Mr. Weibert's criticism of the data you have given correct?

MR. SPSH: It is.

DR. GOLD: Why in your opinion Mr. Weibert, should the man who owns the still be given a minimum of 200 units allotment and the gum producer or gum seller must be allowed to process up to 200 units?

MR. WEIBERT: Oh, the gum processor who has it processed by some nearby still, is too small to own his own still, and he hasn't got the financial assistance to do it. He may be a farmer. They are probably farmers, but of course those are people that I did not have in mind at all.

DR. GOLD: Do you think that if such minimum allotments were to be determined, that the minimum allotment should also be made to the gum seller who is going to have his gum processed?

MR. WEIBERT: Well, it seems to me that the gum seller is a producer in the sense of the law, and he cannot be regulated. He can make all the gum he wants to.

But here is another point, if you regulate the processor who processes the gum of the producer you regulate the producer because the producer cannot then ship all the gum he wants to make or may make because the processor will tell him that he cannot take it from him, because he has no tags, and therefore, here you have a violation of the law.

DR. GOLD: Mr. Weibert, as I understand your proposed statement it

involves a limitation of shipment for interstate commerce, does it not?

MR. WEIBERT: Yes.

DR. GOLD: That is the only limitation which is involved? It says nothing about what a man may do in intrastate commerce.

MR. WEIBERT: Will you class the producer that is doing only intrastate business?

DR. GOLD: I am not in a position to be answering questions, you understand. I am only trying to get information.

MR. Weibert: I understand.

DR. GOLD: I should like to hear from other people in regard to both Mr. Boykin and Mr. Weibert's proposal.

MR. BOYKIN: Just a moment, Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: I want this cleared up because I meant 50 units of turpentine and rosin. I did not mean gum sellers.

DR. GOLD: In other words you propose, Mr. Boykin, a minimum allotment of 50 units in turpentine and rosin for any processor?

MR. BOYKIN: Any processor.

DR. GOLD: As being adequate.

MR. BOYKIN: Regardless of his size, if he was in business --

DR. GOLD: Do you believe that virtually an exemption of that size would take care of a great many problems involved in a control?

MR. BOYKIN: It would.

DR. GOLD: It has been suggested that something of a minimum of 200 units be set up.

MR. BOYKIN: Yes.

DR. GOLD: What is your opinion on that subject?

MR. BOYKIN: I had selected 50.

DR. GOLD: Why did you select 50?

MR. BOYKIN: Because I thought of a great many very small men, but if he had 50 to upon, that much is safe, then he has a production of 150 to play on.

DR. GOLD: But as I understand it, and am I correct in understanding that you are setting up a proposal that any processor be allowed the exemption if he has processed in the past 50 units of naval stores?

MR. BOYKIN: Say he processed last year, or say he did in 1933, 50 barrels, you would then allow him the 50 unit exemption from the terms of the marketing agreement, except that he would have to identify that 50 units in some way as it moved.

MR. BARKALOW: Mr. Boykin.

MR. BOWKIN: Yes, sir.

MR. BARKALOW: Is not what you mean this: that the affect of this restriction should not begin to work until the man is guaranteed at least 50 units? That is to say, if last year he made approximately 50 or 55 units, and with this applying to him it would cut him down to, say, 38, that this is not to apply to him but that he would only/now get under this exemption between the 38 he might have had last year and the 50 which he might have produced? You don't mean you are going to give each man 50 units to begin with? I thought what you meant was that you were going to put a minimum of 50 on what the allotment is going to be, provided the man had produced 50 in the past period, and it did not mean it is to be 50 new units to 2,000 men, but it would mean it is to be the difference between the 50 that they produced

or the 38 or 40 that they were allowed last year, is that right?

MR. BOYKIN: That might work better.

PRESIDING OFFICER GIFFORD: Is there anything further, gentlemen?

(No response.)

PRESIDING OFFICER GIFFORD: We are going to try to close this hearing tonight, gentlemen.

MR. BARKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Barkalow.

MR. BARKALOW: I would like to ask Mr. Speh, if in the light of 8-C, 6-B of the Act under which we make these allotments that you could cause such a plan to be under a uniform rule based upon the amount produced in a prior period or upon current production in a manner which would equitable apportion this among all producers?

MR. SPEH: I do.

MR. BARKALOW: Do you think with this suggestion of Mr. Boykin's that we would still be operating under a universal rule based on past production?

MR. SPEH: It would be uniform because it would apply to everyone under the same condition, and it would be based upon past production because you would take his past production as a means of determining whether he is entitled to any special consideration.

MR. BARKALOW: But here we have set up a uniform rule which is this: that this year only so much is going to go to the market. During this representative base period A, B and C produced so much, so that they get a percentage of what can now go to market in relation to what they said they marketed in the past period. Now, that is the uniform rule that applies to everyone.

Now, if you go along and say, we are not going to apply that to Smith,

Jones and Brown, we are not going to let this rule touch them until they get at least 50 units because if we apply that rule to them they would go down to 38, do you consider that the a plication of the uniform rule to all handlers?

MR. SMITH: Possibly I misunderstand the meaning of the phrase, application of uniform rule. If you set up a rule as a yardstick and then you measure everybody by that yardstick, it looks to me as though you are applying the uniform rule.

MR. BARKALOW: But when you apply the yardstick to this particular group you are going to say, "Oh, no, we are not going to cut you the way we have cut everyone else, because if we apply this rule to you, you are going down too low. We are going to exempt you --" it has been called an exemption-- "we are going to exempt you from this rule and give you 50 units outright without regard to what you produced in the past or without regard to your current production".

MR. SMITH: I did not understand that to be, Mr. Boykin's suggestion. He did take into consideration his past production.

MR. BARKALOW: Yes, but he is not going to put on him an allotment based on that past production. He is going to disregard this rule and say, "Well, if we apply the rule to him on the basis of what he produced in the past it will mean he goes down to 38."

Now, is not the result of that, that we exempt him from this rule and it would not be uniform because we are not applying it to all alike? We are applying it to all alike except this select group over here and we have said that they are too small, and they are going to have an exemption.

Is that not the case?

MR. SPEH: If you set up a rule measurement or a yardstick and you use the same yardstick in measuring everyone, and some of them fail to fully comply with that measurement or come up that measurement, it seems to me you are applying the same yardstick in all cases.

Possibly in -- I am in error when I include your yardstick in effect the condition of the allotment, by the proviso of your past performance, your production.

MR. BARKALOW: Well, I think that if we applied the yardstick -- well, let me ask you this question: you say the mere fact that a man does not come up /to the yardstick. Aren't you confused there because you have a yardstick now and you are going to apply it to the thirsty man. He can't get it. He won't get 50. If you do apply that yardstick to each man alike he would not get 50 units; he would get 40;and so you are not going to apply it to him alike. You are going to say, "We are going to exempt you. We are going to let you out from under the uniform rule," and say, "Well, when we apply this rule to you, we are going to give you 50."

MR. SPEH: No, the yardstick is made up of more than one component. It has the component of this minimum. That is just a part of your yardstick.

MR. BARKALOW: Your point is then that you are not going to begin to measure until he gets to 50. You are not going to apply the rule at all until you reach 50.

MR. SPEH: Let me put it this way: I look at the yardstick as being the algebraic sum of these various components involved. Now, his minimum production, if it happens to be below 50, then the application of the marketable percentage.

I think all of those are components of your yardstick, and having

this yardstick, that is what you apply. If you do, apply the same yardstick to everyone you are applying the uniform rule.

MR. BARTALOW: That is all.

PRESIDING OFFICER GIFFORD: Is there anything further under this section 7?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let us proceed to section 8.

MR. SMITH: Mr. Chairman, may I say something off the record?

PRESIDING OFFICER GIFFORD: Yes, sir.

(There was a discussion off the record.)

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: This discussion is valuable, and I think we should go back on the record.

MR. BOYKIN: Do you think you want that on the record?

PRESIDING OFFICER GIFFORD: Yes.

MR. BOYKIN: I would like to ask Mr. Weibert if in his proposal he meant to only consider those who actually produced 200 or more, not to be reduced above that, or if he meant it would -- or if he meant it to everybody and anyone provided they had financial ability to build up to 200 units as processors.

Now, the 1933 records of the Control Committee will show the actual production of every processor.

MR. WEIBERT: Yes, I meant both. The one who makes 200 should not be further reduced and those who have made below 200 or 150 or 130, they should be allowed to build up to 200 if they have the timber and can afford it. If they really can do it. I don't mean that they should be put up to

200. Of course, they wouldn't, unless they had the timber and finances to do it.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: May I ask Mr. Weibert a question?

PRESIDING OFFICER GIFFORD: Certainly.

MR. AYCOCK: May I ask Mr. Weibert, can a man that is making 150 barrels under your plan, he should be allowed to buy timber and increase up to 200?

MR. WEIBERT: Yes.

MR. AYCOCK: Then that 50 barrels and all increases of like nature would come out of the allotment of those processors that make over 200. In other words the build up would be at the expense of the producer whose allotment is 200 or over.

MR. WEIBERT: Yes, it has to be found somewhere you know.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Weibert, as a factor can you give us your opinion, if an agreement were made or offered, that any person who could get the financial backing, could process up to 200 units, would have any difficulty in obtaining that financing?

MR. WEIBERT: Well, or else he must have the timber. If the timber is around his still it would depend on his financial condition. He may or may not.

DR. GOLD: As a banker don't you believe that a provision such as this would give additional security and make the loan very much more eligible? A marketing agreement which would set forth a control for the whole industry

except a relatively small number of processors, would not in your opinion as a banker that provision make such an expansion very much more advisable, and therefore wouldn't the likelihood be that financing would be very much more readily given in such a control program?

MR. WEIBERT: No, I don't think it would make any difference.

DR. GOLD: Without a marketing agreement it has been brought out that there are a number of processors who are processing less than 200 units. In your opinion as a factor is it likely that the factors are going to be as willing to allow expansion up to 200 or more, as if there was some type of control in effect?

MR. WEIBERT: As a factor, if the financial condition of the man and his whole situation warrants it, we would certainly build him up to 200 because below 200 he will not be able to make his overhead and he goes in debt.

DR. GOLD: Can you see no change in the conditions under which a possible advance would be made as compared to a period of possible control, against a period in which there was no control? Suppose that other things were completely equal, except in one period it was proposed that there be a control and in the other it was proposed that there be no control, can you say that as a factor and as a banker, that that would weigh in your calculations in regard to advances or expansions?

MR. WEIBERT: Today, of course, being under control we have to consider what we are going to make now, and how much can he ship, and that of course is considered to some extent in our calculations.

DR. GOLD: In other words, you now say that such a proposal as has been made, you know that this man will be able to ship 200 regardless almost of what he has done previously-- not regardless of it, but you know he is given 200 as a minimum. Do you think that would influence advances?

MR. WEIBERT: That may influence it in some instances, but I do not think it would be of any moment.

PRESIDING OFFICER GIFFORD: I think, Dr. Gold, that is a very logical argument, but from my experience with bankers they are going to make their loans just as safe as possible and it is a natural deduction to be derived from it.

DR. GOLD: Mr. Chairman, I only asked that question in view of the experience we have had with other programs, and I believe it is rather a material subject for discussion.

MR. WEIBERT: Of course, if I might say, I believe in the naval stores business it cuts both ways. On the one hand we cannot advance a man as much or cannot do anything with him because we know his allotment is too small, and he cannot go on. On the other hand, a man who has a fair allotment, we feel not so much of an allotment, but under the loan he may do better, and then we can do a little bit better with him.

DR. GOLD: Thank you.

PRESIDING OFFICER GIFFORD: If there is nothing further under this section, let's proceed to section 8 on page 17, or paragraph 8 instead of section 8.

MR. SPEH: Paragraph 8 (a), this merely describes the method of calculation of primary allotments.

At this point we would like to introduce an amendment, asking that you strike out the entire paragraph 8 (a) and substitute for it:

"The marketable percentage for primary allotment to new processors shall be determined by the relation of the total number of units set aside for allotment for new processors pursuant to paragraph 6 (a) of this section to the number of units represented by the approval applications from all such applicants."

It does not change the sense or result in any way.

DR. GOLD: It does not change the intention of the Control Committee?

MR. SPEH: It does not.

DR. GOLD: For the record, will you give us a simple example of that so that we will see what you have in mind here?

MR. SPEH: If the total volume applied for allotment for new processors is 50,000 units -- well, let's see. I had just better strike that 50,000 out.

Is, say, 15,000 units and we have set aside 12,000 units, then each application would receive 80 per cent. 80 per cent of that shall be applied, namely, the 12,000 divided by the 15,000.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: If the amendment suggested by Mr. Boykin is adopted you will have to re-amend this, won't you, because you are not going to apply that to the man who has only 50. He would not get his 80 per cent of 50; he would get 50.

MR. SPEH: No, this is for new processors.

MR. BARKALOW: Aren't you going out then and apply the same scale where there are new processors as you would if they were old processors?

MR. SPEH: You see, you have got to use as your same basis there his ability, I mean his past performance.

MR. BARKALOW: Then you expect no exemption for new processors up to 50 units?

MR. SPEH: I would not, no, sir. As my personal opinion I would say that he should participate in the proration of that volume set aside for the processors according to the conditions set up here.

PRESIDING OFFICER GIFFORD: The proposed amendment will be identified as Exhibit No. 15 and is ordered made a part of the record.

(The proposed amendment to Article IV, Section 4, paragraph 8 (a), above referred to, submitted by Mr. Speh, was marked "Exhibit No. 15" and is attached to this record.)

PRESIDING OFFICER GIFFORD: We will have a five minute intermission.

(A short recess was taken.)

PRESIDING OFFICER GIFFORD: Let us proceed, gentlemen.

MR. SPEH: Paragraph 8 (b), again we ask that that be phrased to make it read just the reverse of what it is here, and we therefore ask to amend it to read as follows:

"The marketable percentage of secondary allotment to new processors shall be determined by the relation of the total number of units set aside for allotment to new processors pursuant to Paragraph 6 (b) of this section to the combined number of units of the approved applications for all such applicants."

It does not change in any way the sense or contents, but merely rephrases it.

PRESIDING OFFICER GIFFORD: This proposed amendment in four copies will be identified as Exhibit No. 16 and made a part of the record.

(The proposed amendment to Article IV, Section 4, sub-paragraph 8 (b), above referred to, submitted by Mr. Speh, was marked "Exhibit No. 16" and is attached to this record.)

PRESIDING OFFICER GIFFORD: Is there any discussion further on this proposed amendment?

MR. BARKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Barkalow.

MR. BARKALOW: Would you care to discuss the effect of that, Mr. Speh?

MR. SPEH: It is just similar to the allotment, primary allotment to new processors; you merely prorate among the volume set aside for that purpose in the proportion which there are applications.

MR. BARKALOW: Could you set forth an example for the record as you did for (a)?

MR. SPEH: Assuming that we are going to set aside one per cent for new secondary allotment, and assuming a crop of 500,000 units, that would mean the setting aside of 5,000 units. If the total of all applicants for this allotment under this class should be 6,000 units, then each applicant would receive 83-1/3 per cent of the volume for which he applied.

MR. BARKALOW: Do you consider this to be an equitable method of allotment based upon a uniform rule, the basis of which is past experience or present production?

MR. SPEH: We do, yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion of subsection B of paragraph 8, as amended?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will pass to paragraph 9.

MR. SPEH: Paragraph 9, it is merely intended that the allotment going to any new processor shall not be -- is not in excess of that which he can use, that is, if the calculation assigned to that processor an allotment of 500 units then he must be in a position to produce and market that 500 units. If he is not, why, he is not entitled to receive that amount.

PRESIDING OFFICER GIFFORD: Before passing that I would like for Dr. Gold to be here. He will be here in just a minute. I would like to see if he has any further questions.

MR. SPEH: We have some amendments to add, Mr. Chairman, which I can

read at this time.

PRESIDING OFFICER GIFFORD: Very well, we will be glad to have you do so.

MR. SPEH: We ask that you amend Article IV, Section 4, by adding, to be known as paragraph 10, the following:

"If at any time during the year a contracting processor-handler shall find that for any reason he will not market the full amount of his allotment he shall report this fact to the Control Committee promptly and shall return to the Control Committee any surplus tags that may have been issued to him. Any quantity so returned shall be added to the amount set aside as an equalization supply. In all cases where a contracting processor-handler shall comply with the requirements of this provision the fact that he did not market his full allotment for a given year shall not effect his base figure for the following year. In any event any contracting processor-handler shall fail to return promptly any surplus tags as provided in this section the Control Committee may, after notice and opportunity for hearing, recommend that the Secretary reduce the base figure of such contracting processor-handler to the amount actually marketed by him."

That provision is contained in the present license and marketing agreement and we ask that it be included in this.

PRESIDING OFFICER GIFFORD: This proposed amendment will be identified as Exhibit No. 17 and is ordered made a part of the record.

(The proposed amendment to Article IV, Section 4, to be added as paragraph 10, submitted by Mr. Speh, was marked "Exhibit No. 17" and is attached to this record.)

MR. SPEH: We ask that --

PRESIDING OFFICER GIFFORD: Wait a minute, Dr. Gold is here.

[The foregoing amendment to Article IV, Section 4, as ratified by Referendum 32, reduced by Mr. Lynd, was ratified by Referendum No. 17" and is attached to this record.]

MR. SPEH: This is another amendment we are asking, Mr. Chairman.

PRESIDING OFFICER GIFFORD: All right, please read it.

MR. SPEH: We ask that you add still further as paragraph 11, the following:

PRESIDING OFFICER GIFFORD: All right, proceed.

MR. SPEH: We ask that you add as paragraph 11 to Section 4, the following:

"Any person processing in more than one location shall be given separate allotments for each location. Tags issued to an application or to a subsidiary or affiliate of an applicant for one location may be exchanged through the Control Committee for tags for other locations operated by such applicant, subsidiary or affiliate. In determining the ability of an applicant to produce the combined ability of all affiliated interests may be considered."

That is in the present marketing agreement and license and we ask that it be included in this, the purpose of that being that there are cases where processors have operated distinct operations located at different points, operations that receive separate allotments, inasmuch as they are affiliated, or one is a subsidiary of the other because of financial interest through crop ownership or otherwise. We feel, that these affiliated interests should be permitted to adjust their allotments among themselves by the exchange of tags.

We further feel that their combined ability should be considered in making the combined allotment to the processor.

PRESIDING OFFICER GIFFORD: That proposed amendment will be identified as Exhibit No. 18 and is ordered made a part of the record.

(The proposed amendment to Article IV, Section 4, as paragraph 11,

(The proposed amendment to arti-
cle IV, Section 4, as reported it,

submitted by Mr. Speh, was marked "Exhibit No. 18" and is attached to this record.)

PRESIDING OFFICER GIFFORD: Have you any further amendments?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Proceed.

MR. SPEH: We ask that Section 4, Article IV, be still further amended by the addition of paragraph 12, which reads:

"Where a contracting processor-handler sells, leases or otherwise disposes of the ownership or control of part or of all his timber land or lease upon the basis of which an allotment has been made to him a proportionate share of his allotment shall accompany such transfer; provided, however, that the processor or lessee shall establish to the satisfaction of the Secretary his ability to fulfill the amount of the allotment accompanying such transfer."

PRESIDING OFFICER GIFFORD: That proposed amendment will be identified as Exhibit No. 19 and made a part of the record.

(The proposed amendment to Article IV, Section 4, to be added as paragraph 12, submitted by Mr. Speh, was marked "Exhibit No. 19" and is attached to this record.)

PRESIDING OFFICER GIFFORD: Do you care to explain that, Mr. Speh?

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: That last amendment you read, Mr. Speh, I think we have discussed that somewhere before at sometime?

Do you want to add in there that they shall, provided a man wants it? I mean, you don't want to force a man to take it. I mean that might

be interpreted to mean that.

MR. SPEH: I might say this provision is in our present marketing agreement and license and we are asking that it be added now under that. We have had considerable discussion and we have been called upon to make rulings as to whether such transfer was compulsory or not, and if I am not mistaken, the ruling has been that such transfer is not compulsory.

MR. WARD: I want to clear that point up, so that we don't have to decide it again without some legitimate reason for having to do so. We had better clear up that point in making our record and in writing the new pact.

PRESIDING OFFICER GIFFORD: Have you any further amendments under this section?

MR. BARKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Barkalow.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes,sir.

MR. BARKALOW: In view of the fact that the ruling you refer to will have no effect with respect to this new agreement, don't you feel that you might make the change suggested in your amendment?

MR. SPEH: I think it should be.

MR. BARKALOW: Change the word "shall" to read "may".

MR. WARD: "Shall" if required by the purchaser.

MR. SPEH: Yes, it must accompany it if the purchaser asks for it. It is not optional with the seller.

PRESIDING OFFICER GIFFORD: Gentlemen, please don't all speak at once. If you all talk at the same time the reporter cannot get your statements in the record.

MR. SPEH: Should not be made optional with the seller, but it has

be interested to hear that.

MR. CHAIR: I might say that anyone is in our present situation
apparently and Lismore not so far ahead that it be added any undue that.
We have had extraordinarily discussion all we have asked were to make
motions or we whether much transfer the discussion or not, and if I am not
mistaken, the ruling has been that transfer is not acceptable.

MR. HARDY: I want to either move point of, by that we don't have to
decide it again without legitimate without the matter be dr or. We had
better clear up what point to making or cannot use to waiting the new post.

[illegible]

MR. [illegible]: Mr. Chairman.

[illegible] Dr. Hardgrave.

MR. [illegible]: Dr. Dent.

MR. [illegible] Dent[illegible]

MR. [illegible]: In view of the fact that Points you cannot be will
have no object with to proceed to this any suggested. Don't you feel that you
might make six months suggested to [illegible]

MR. DENT: I think it should be.

MR. [illegible] Change the word "shall" to [illegible].

MR. CHAIR: "Shall" it carried by the secretary.

MR. DENT: Yes, it must commence it is the suggestion made for it.

It is not optional with the writer.

[illegible] Gentlemen, please don't all speak at
once. If you all talk at the same it is impossible [illegible] for stenographer
[illegible] to take [illegible].

MR. CHAIR: Should not it be made optional with the writer, as it has

been suggested that it may be made optional with the buyer as to whether or not he will accept that transfer.

MR. BANKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BANKALOW: Do you feel that you can go so far as to set up in here what the contractual relationship is to be between two parties, one of whom may not be a party to this agreement?

MR. SPEH: I say it has been suggested.

Personally, I believe that if both parties to a contract agree to a change, I think that would be ample. I don't see how we can interfere, that is, if the buyer and seller under this clause discuss the matter and the buyer states that he does not want or does not need the accompanying allotment, why that relieves the seller.

MR. BANKALOW: Well, in view of the fact that the one who buys in this case may not be a party to this agreement, do you feel that you can write anything in here that is going to affect that party one way or the other?

MR. SPEH: Well, if he buys for the purpose of processing the turpentine and rosin, of course, he automatically comes under the provisions of this?

MR. BANKALOW: He does if he acquires it and applies to you for a quota, does he not?

MR. SPEH: No, because this will transfer to him a proportion of that allotment so he can operate, because there is an allotment under which he is operating.

He would undoubtedly have to go through a form though of registering, some form of application, so we would know to whom to send the tags.

MR. BARKALOW: Well, he won't come under this agreement until he has handled some naval stores in interstate commerce, will he?

MR. SPEH: No, sir.

MR. BARKALOW: Then how could you write a provision in here which is going to affect him before he becomes a party to this agreement or comes under the order?

MR. SPEH: Well, you are --

MR. BARKALOW: Suppose you find he can't establish to your satisfaction his ability to fulfill the quota, he never comes under this agreement at all, then he can't handle in interstate commerce. What you set up here is to regulate the seller.

MR. SPEH: Who is already under your marketing agreement. You state that when he sells he shall deliver with it a proportional amount of the allotment. So, you have jurisdiction over him.

MR. BARKALOW: Well, suppose the man who buys should want that allotment to go to someone else, or suppose he only wants half of the allotment?

MR. SPEH: Well, as I have stated, I have maintained that those two parties may enter into such an arrangement as they wish. This states, however, if the buyer wishes his proportional part he can insist upon it, but he does not have to accept it according to my interpretation. Two parties to the contract may agree upon something which is satisfactory to both.

PRESIDING OFFICER GIFFORD: Is there any further discussion under this section?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let's take up Section 5, page 18. That has to do with the method of allotment of wood naval stores.

MR. SPEH: We suggest the following amendment to paragraph 1 of Sec-

tion 5, to make it read as follows:

"Method of allotment of wood naval stores -- amend to read 'no contracting handler receiving an allotment of wood naval stores shall market a volume of wood naval stores in excess of his allotment which shall be fixed for him by the Secretary. No contracting handler shall handle any wood naval stores which are in excess of such allotment and do not bear a tag, mark or other evidence to show that allotment requirements have been complied with.'"

PRESIDING OFFICER GIFFORD: This proposed amendment will be identified as Exhibit No. 20 and made a part of the record.

(The proposed amendment to Article IV, Section 5, paragraph 1, submitted by Mr. Speh, was marked "Exhibit No. 20," and is attached to this record.)

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Speh, I understand you have written the words, the quantity of naval stores marketed for the wood group in your proposed amendment.

Will you read the proposed amendment again, please?

MR. SPEH: "Method of allotment of wood naval stores -- amend to read 'no contracting handler receiving an allotment of wood naval stores shall market a volume of wood naval stores in excess of his allotment which shall be fixed by him" -- rather, -- 'which shall be fixed for him by the Secretary. No contracting handler shall handle any wood naval stores which are in excess of such allotment and do not bear a tag, mark or other evidence to show that allotment requirements have been complied with.'"

DR. GOLD: Is that an amendment to section 5, paragraph 1?

MR. SPEH: We are asking that be paragraph 1.

DR. GOLD: Yes.

MR. SPEH: Now, my next amendment is to amend what is now paragraph 1, making it paragraph 2.

DR. GOLD: All right.

PRESIDING OFFICER GIFFORD: I understood this is just offered as an additional paragraph to this section?

MR. SPEH: To be marked No. 1.

PRESIDING OFFICER GIFFORD: No. 1.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: The other paragraphs will be renumbered consecutively.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: All right, just so we might understand it.

MR. BARKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Barkalow.

MR. BARKALOW: Before you go to the next one, do you want to accept this amendment?

PRESIDING OFFICER GIFFORD: It has been made a part of the record as Exhibit No. 20.

MR. SPEH: Mr. Barkalow was going to ask something.

PRESIDING OFFICER GIFFORD: This one will be 21.

MR. SPEH: No, this is 20.

PRESIDING OFFICER GIFFORD: This new one will be number 21, instead of 20, then. It will be ordered made a part of the record.

(The proposed amendment to Article IV, Section 5, paragraph 2, now paragraph 1, submitted by Mr. Speh, was marked "Exhibit No. 21" and is attached to this record.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: The amendment provides, I believe that no processor of wood naval stores shall handle any wood naval stores. You have used the word "wood" twice. Do you contemplate that there might be a case where the handler of wood naval stores might attempt to market some gum naval stores?

MR. SPEH: Well, he would come under the provisions of gum naval stores handler.

MR. BARKALOW: I have raised that point because I notice over here on page 14, when you submitted your amendment there, you left out the word "gum" which is now in here, and there you said "no contracting processor shall market a volume of naval stores --"

You did not say "gum naval stores."

I thought you did that because you thought they might at some time handle some wood. Better so, then over here, if you think the wood group -- that is, just to market -- because you have used the word "market" there that they might attempt to market some of the gum, that they would then be exempt?

MR. SPEH: Section 4, paragraph -- you mean at the bottom of page 14?

MR. BARKALOW: That is right.

MR. SPEH: The amendment says:

"No contracting processor-handler shall market a volume of gum naval stores in excess of his allotment, which shall be fixed for him by the Secretary in a manner provided in this section."

MR. BARKALOW: Then you did read the word "gum", because I had the word and then I struck it out.

MR. SPEH: I am sorry.

MR. BARCLAY: Mr. Speer.

MR. SPEER: Yes, sir.

MR. BARCLAY: The reservation provides, I believe that no treasury of wood carved objects may wood carved objects. You have used the word "wood" twice. Do you contend the it there might be a room many treasury of wood carved objects might attempt to contend some pre metal objects?

MR. SPEER: Well, he would come under the provisions of pre carved objects.

MR. BARCLAY: I have relied that point because I notice that here on page 14, when you published your amendment there, you left out the word "pre" which is now in here, and there you said "no collecting privileges shall applies a value of pre carved objects --"

You did not say "pre carved objects."

I thought you did that because you thought they might at some time would come back. Either so, then your here, if you think the word pre -- that is, left to myself -- whether you have used the word "pre" that they might attempt to applies some of the pre, that they would then be exempt?

MR. SPEER: Section 6, paragraph -- pre comes at the bottom of page 14?

MR. BARCLAY: That is right.

MR. SPEER: The amendment says:

"No contracting processor-handler shall applies a value of pre carved objects in excess of his allotment, which shall be fixed for him by the Secretary in a manner provided in this section."

MR. BARCLAY: Then you did read the word "pre", because I had the word red when I struck it out.

MR. SPEER: I am sorry.

MR. BANKALOW: Then you do intend "gum" to be in there?

MR. SPEH: Yes, sir.

MR. BANKALOW: And you do intend "wood" to be in here?

MR. SPEH: Yes, sir. We feel that if the wood naval store handler handles gum, of course, he is controlled by the other, and vice versa.

We ask next what is now marked paragraph 1 of Section 1 to be changed to paragraph 2, and amended to read:

"The Secretary shall determine the quantity of wood naval stores marketed by each handler during the calendar year 1934."

PRESIDING OFFICER GIFFORD: That will be admitted in evidence and identified as Exhibit No. 21.

(The proposed amendment to Article IV, Section 5, paragraph 2, now paragraph 1, submitted by Mr. Speh, the last above ordered made a part of the record as Exhibit No. 21, was previously received in evidence, marked Exhibit No. 21 and attached to this record.)

MR. SPEH: Of course, Mr. Chairman, the subsequent paragraphs will have their numbers advanced one each.

MR. BANKALOW: Is that the only amendment you have there, Mr. Speh?

MR. SPEH: Yes, sir.

MR. BANKALOW: In view of the fact that with respect to that gum you have provided that the Secretary shall fix the allotment in the way set forth in that section, don't you care to have the same provision over here to the effect that the Secretary shall determine the allotment of the processor-handlers of wood naval stores in the manner provided here?

If you don't do that you haven't provided that the Secretary will fix the allotment for the year 1936. All you have done is to provide that he shall determine the yardstick.

MR. SPEH: I believe I pointed out the need of making all the changes all the way through here to comply with similar requirements as given under "gum" when we discussed this matter of limiting the wood naval stores group.

MR. BARKALOW: Well, do you feel that theeffect of this provision is that it empowers the Secretary to fix the wood allotment?

As I say, all you have done is to say that the Secretary shall determine their allotments in the year 1934, which is to be the yardstick which he is to apply, but you have not said that with that as the basis, with what is in 2, 3 and 4, he will then determine the allotment for the year 1936 for the wood naval stores group.

Am I correct in that point?

MR. SPEH: I must admit that I believe you are. Therefore, we would have to include in that --

MR. BARKALOW: Then it would be my suggestion that such a proviso be added to Section 5 as you have for the gum, and that it start right out with the idea that the Secretary is to fix the allotment for wood just as he would for gum. Then you set up under that a guide limitation for the Secretary under which he must act when he fixes that allotment.

MR. SPEH: Possibly let me read the other amendment that we introduce as paragraph 1, which becomes a new paragraph.

"No contracting handler is receiving an allotment of wood naval stores, shall market a volume of wood naval stores in excess of his allotment which shall be fixed for him by the Secretary."

MR. BARKALOW: Then you add, "in the manner provided in this section".

MR. SPEH: I see.

MR. BARKALOW: So that the Secretary is not left up in the air with

no guidance on limitation. You would give him a yardstick.

MR. SPEH: By merely adding after our present amendment the words, "in the manner provided in this section".

MR. BARKALOW: Yes.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR.GOLD: Mr. Speh, your amendment No. 21 is as I understand, the allotment based for wood processors, is that so, as used in your newly numbered paragraph 3, or paragraph 2, which is amendment No. 21, becomes the allotment base for wood processors.

MR. SPEH: Yes, sir.

DR. GOLD: You have used the term "the quantity of wood naval stores marketed in the calendar year," is that right?

MR. SPEH: "Marketed by each handler during the calendar year".

DR. GOLD: In your opinion may that quantity not be different from the actual allotment in 1934?

I am setting up an hypothetical example. If the wood industry had large stocks and disposed of its stocks in 1934 the quantity marketed would probably be in excess of the actual allotment of 1935, is that not right?

MR. SPEH: Yes, sir.

DR. GOLD: That is all.

PRISIDING OFFICER GIFFORD: Is there any further discussion on this section?

(No response.)

PRESIDING OFFICER GIFFORD: Does anyone wish to make any further comment as to paragraphs 3, 4, 5, 6, and 7?

(No response.)

PRESIDING OFFICER GIFFORD: I think for the purpose of the record you should at least state what the plan is and that you feel that is a practical plan.

MR. SPEH: We feel that the plan here follows the plan set aside for the plan being used by the allotment of gum naval stores.

It provides for the setting aside of 3 per cent for new processors of wood naval stores. Inasmuch as they do not have a condition requiring secondary allotment under the wood group, there is no need of that.

The peculiar conditions within that industry do not create the distress condition that is found in the gum industry. Therefore, it has not been considered necessary to set aside anything as a distress pool.

After having set aside the 3 per cent for the new processor of wood naval stores, it provides for the method of allotment of the remainder volume to be marketed, to that group.

It provides further for the same days' notice to each processor, and also provides that the Control Committee shall check accurately all information supplied, similar to that of gum.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: With respect to the gum group you have provided throughout that the Secretary shall set aside these amounts?

MR. SPEH: Yes, sir.

MR. BARKALOW: Don't you want to have the same provision in here?

MR. SPEH: I was just turning to that.

I think those corrections should be made. Would that be in the form of an amendment or corrections?

PRESIDING OFFICER GIFFORD: If it is satisfactory it is not necessary to make a formal amendment as to a matter of that kind. If in discussing it it should become apparent that a marketing agreement would be submitted, in paragraph 6 and paragraph 7, where it says "Control Committee" that should be made to read "Secretary" is that right?

MR. SPEH: I think under "gum" the Control Committee would check.

PRESIDING OFFICER GIFFORD: Just under Section 7?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Rather paragraph 7.

MR. SPEH: Under 7 the Secretary should make the allotment.

PRESIDING OFFICER GIFFORD: All right.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: With respect to the action of the Control Committee in paragraph 3, now 4, where the Control Committee sets aside 3 per cent to be allotted to new processors, don't you feel the Secretary should set that aside just as he did for the gum?

MR. SPEH: Yes, sir.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Why don't you say -- why do you set aside 3 per cent for the new wood processors and 2 per cent for the new gum processors?

Well, maybe I can phrase the question another way.

Do you believe the amount set aside for new processors of naval stores should be the same for all branches of the industry?

MR. SPEH: I would think that would be the proper procedure and it would look as though that would be the only procedure you could follow because if you set aside the percentage for the wood different from that being set aside for the gum it will have an unequal effect upon the old processor, than from the old processor under gum, giving him a different percentage of the total allotment.

DR. GOLD: In other words, you would feel that whatever the Secretary would find to be necessary to set aside to the new processor should be applied to both gum and wood?

MR. BANKALOW: Yes, sir.

MR. NEWTON: Mr. Chairman.

PRESIDING MISS GIFFORD: Mr. Newton.

MR. NEWTON: My information is that probably the economic unit for wood would be not less than about 3,000 units, and I doubt if anything else less than 3 per cent -- assuming the gum allotment to be approximately 100,000 -- may be too small, and for that reason I felt that 3 per cent would be about right because if some new plant would come into operation they would need at least that much to do business.

That is my information.

MR. WARD: And there is the further difference that there are no other deductions made than the 3 per cent for the wood. There are deductions made for /gum besides the deductions made for new processors. It is a test pool, for instance.

MR. BANKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BANKALOW: Do you feel that this system of allotment for wood naval stores is equitable, that it is based upon a uniform rule which will distribute the burden equitably among all wood naval stores processors?

MR. SPEH: Yes, sir.

MR. BARNALOW: Could you supply for the record the basis of the percentage which was selected, as you did for the gum?

MR. SPEH: That 3 per cent?

MR. BARNALOW: Yes.

MR. SPEH: Well --

MR. BARNALOW: We have had some discussion of it but if you could supply the reasons for having this fixed at 3 per cent and the facts and circumstances and opinions which were taken into consideration in arriving at the 3 per cent, I think you should do so.

MR. SPEH: Yes, we could contact members of the wood industry and get their opinions on it.

The reason I have hesitated on this, I feel as though I am probably a little bit out of my class on it, and I did not want to commit myself to something which I was not familiar with the details of.

PRESIDING OFFICER CLIFFORD: Are there any further questions under that paragraph?

(No response.)

PRESIDING OFFICER CLIFFORD: If not, we will take up section 6, having to do with appeals.

MR. SPEH: Section 6 merely provides means of the contracting handler filing an appeal to the Secretary through the Control Committee if he is dissatisfied with his allotment, and I believe complies with the intent of the Act in permitting such appeal.

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER CLIFFORD: Mr. Benedict.

MR. BENEDICT: I would like to suggest five days' notice, that the

five days' notice be increased to ten.

PRESIDING OFFICER GIFFORD: Would you care to state the purpose of the additional time?

MR. BENEDICT: Five days requires almost perfect mail communication. It does not allow for the absence of anybody, I mean temporary absence. It is just as short as you can make it. I don't think it is a reasonable amount of time.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Five days after the receipt of notice, Mr. Benedict, is not sufficient time?

MR. BENEDICT: I don't feel that it is, no.

DR. GOLD: Do you mean that it takes more than five days to prepare the statement?

MR. BENEDICT: It might, I mean the way us turpentine people hooked up.

MR. KELLY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Kelly.

MR. KELLY: I rather agree with Colonel Benedict because of this fact, a lot of us fellows are away from home, we may be out in the woods, and I understand that if your letter is mailed you are supposed to have gotten delivery, I mean mailed in the proper time, you are supposed to receive it, and so I believe his request for that change is not unfair.

MR. BARKALOW: Mr. Kelly, I don't know whether you are familiar with Section 8-C, 15-a of the Act which provides that at any time that the handler feels that any provision of the order is not in accordance with the law

he can file a petition with the Secretary without reference to five days or any other limitation which may be laid down by this agreement.

In view of that fact do you feel that you still need more time here in that? If this thing should not get to the committee in time it would still be considered under the Act itself, and as I see it all this is for is so that they can quickly dispose of those things which do come to them without depriving you of your rights which is guaranteed by the law to file a petition at any time about any part of the order which to your mind is not in accordance with the law.

MR. KELLY: I did not have that in mind. With that provision there I think the proposition is all right.

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: May I ask if the government guarantees to handle it as quickly as we are forced to?

PRESIDING OFFICER GIFFORD: It depends upon where it goes, but they try to get it out of the way just as quickly as possible.

Is there anything further under article IV?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will refer back to Article II. Turn to Article II on the Control Committee, Section 1.

Off the record now.

(There was a discussion off the record.)

PRESIDING OFFICER GIFFORD: Section 1.

MR. SPEH: This deals with the membership. It provides that the Control Committee shall consist of 15 members, nine of whom shall represent

contranting handlers of gum turpentine and rosin; two wood turpentine and wood rosin; two factors, and two handlers who are distributors.

It provides that the Secretary shall a point the members of this committee.

It provides further that the Secretary shall be assisted in such selection by the industry and the respective groups indicating their preference by placing before him names.

Inasmuch as the season -- inasmuch as we are right on the new season, allotments must be considered, applications sent out and the necessary machinery started, and it was felt that there will be considerable delay in arranging for a mail vote on nominations, and anticipating that, or believing that there would be sufficient number of people in attendance at the meeting, that an expression of opinion could be obtained, and it is provided that the Secretary may select members of the Control Committee to serve from now until July 1st, 1936 in lieu of holding the regular nominations of what might be considered a primary.

The names are left blank here with the view that certain suggestions be made upon the basis of which the Secretary might make -- might be guided in his selection.

There is one serious change other than that from the present setup of the Control Committee. The present personnel of the Control Committee is divided by having one member represent the states of North and South Carolina; three represent Georgia; three represent Florida, one represent Alabama; and one represent Mississippi, Louisiana and Texas.

It has developed because of more accurate information that the production by states, the relative production by states

is somewhat different than that representation; so inasmuch as Georgia in 1934-1935 produced approximately 56 per cent of the total production and Florida produced 27 per cent, that there should be an adjustment in the proportion of representation from those states. Therefore the proposed marketing agreement provides that there shall be four from Georgia and two from Florida.

It provides that there shall continue to be one from North and South Carolina; one from Alabama and one from Mississippi, Louisiana and Texas, making the total number remain as it is today.

While this was a somewhat disproportionate representation between Florida and Alabama, Alabama producing not quite 9 per cent of the total reflecting the geographical distribution, the importance of Alabama, its production being under somewhat different conditions than that of Georgia and Florida, and also that its neighbor states, Mississippi, Louisiana and Texas, that they should be given representation, and of course, the minimum that you could give would be one.

Through North and South Carolina the conditions and problems are somewhat different than they are in Georgia and those states work very closely in handling their problems, and it was felt that they should continue to have representation, although the combined production of those two states is but 3.7 per cent of the total of gum, nevertheless the smallest that you could assign would be one, and so that accounts for the division which we feel to be fair and equitable to the industry.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Could you give us the production figures, the percentages for Georgia and Florida?

MR. SPEH: The production for Georgia is 56.3 per cent and Florida 27 per cent.

MR. BANKALOW: So, the relationship between the two states was set as near as possible?

MR. SPEH: Yes, sir. It provides in subsequent paragraphs that this percentage may be adjusted from time to time, as amended.

As far as representation by the gum group compared to that of the wood group, we have the gum group with nine and the wood group with two; in other words two-elevenths and nine-elevenths is about the percentage that the gum and wood bear to one another, so that we felt that is a fair representation.

MR. BANKALOW: Would not your percentage be nine and nine-fifteenths and two-fifteenths, because they are all members of the same board?

MR. SPEH: I was comparing --

MR. BANKALOW: Which is -- just the strength of those two groups?

MR. SPEH: I was just comparing the strength of those groups, because they are both contracting processors.

MR. WARD: Since the function in the wood group is that of processors and also their own dealers, isn't the relationship between them changed by reason of that fact? It is two to thirteen rather than two to nine.

MR. BANKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BANKALOW: Would you care to discuss the representatives of the distributors and factors in the same way you have the wood and gum groups?

MR. SPEH: I would much prefer if someone of that group would care to discuss it. If not, I will be glad to state that the Control Committee

discussed the matter at some length and felt that it was giving to the respective groups a combined representation of four out of fifteen. Inasmuch as the big problem here was that of allotment their interest wasn't as great.

The two factors it was felt could adequately represent both geographical distribution of factorage business as well as probably the relative size. It was expected nominations would permit the Secretary to select one factor which would represent the larger interests and in probably a certain section, and the other factor would represent a smaller factorage interest, and also at the same time another section of the country.

The same would be true of representatives of the distributors, namely, the Secretary could select from the names suggested one distributor representing the handlers of large volumes and one handling the smaller volumes, thereby having both types of interest represented.

PRESIDING OFFICER GIFFORD: Is there anyone else who cares to discuss section 1?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will go to the question of suggesting names to represent these various interests, as to the distribution of membership of the committee.

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: Speaking for Georgia, Mr. Chairman, I would be glad to suggest that the present members of the Control Committee be continued, and for the fourth one, Mr. Fowler.

PRESIDING OFFICER GIFFORD: What is his full name?

MR. BENEDICT: James Fowler, Soperton, Florida.

PRESIDING OFFICER GIFFORD: As far as the Secretary is concerned he will be glad to have anybody make any suggestions they desire.

MR. WARD: It might be well to suggest two each for those to be selected, I mean two names out of which one would be selected.

PRESIDING OFFICER GIFFORD: If there are no further suggestions on that --

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin?

MR. BOYKIN: I had in mind some other names.

MR. BENEDICT: Mr. Chairman, I have been informed there is one member of the Control Committee from Georgia who will not serve. If that be true --

PRESIDING OFFICER GIFFORD: We want it understood that we would like to have at least two selected for every appointment there is to offer, so that if cases of that kind would arise the Secretary, in the event he should act, would have some names to act upon. So, if you have any names to suggest we would be very glad for you to do so.

MR. BOYKIN: Mr. Chairman, Mr. Benedict is better acquainted with the operators in Georgia than I am.

PRESIDING OFFICER GIFFORD: We will have five minutes intermission, so that you can get your slate fixed up.

(Whereupon a short recess was taken).

PRESIDING OFFICER GIFFORD: For the purpose of the record, the record made at the public hearing held for the gum turpentine and gum rosin

processors, upon which was established agreement No. 36 and License No. 37, which license was issued by the Secretary of Agriculture, March 9, 1934, effective at 12:01 o'clock a. m. Eastern Time, March 13th, 1934, and which agreement was issued and executed by the Secretary of Agriculture February 20, 1934 and effective at 12:01 a. m. Eastern Standard Time February 1st, 1934 and made a part of this record by reference only.

The record of public hearing upon which license No. 37, as amended, was issued by amended license for gum turpentine and gum rosin processors, which amended license was issued by the Secretary of Agriculture June 27th, 1934, effective at 12:01 a. m. Eastern Standard Time, June 28th, 1934, is made a part of this record by reference only.

The record of public hearing which was held for an amendment to License No. 37, being amended license for gum turpentine and gum rosin processors, which license was issued by the Secretary of Agriculture December 27th, 1934, effective 12:01 a. m. Eastern Standard Time, December 31, 1934, is made a part of the record by reference only.

The record of public hearing held on License No. 77, upon which was issued License No. 77, being license for agents, factors and commission merchants engaged in the marketing, handling and/or distribution of crude gum, treated gum, gum turpentine and/or gum rosin, which license was issued by the Secretary of Agriculture July 13th, 1934, and effective 12:01 o'clock a. m. Eastern Standard Time, July 14th, 1934, is made a part of the record by reference only.

The record of public hearing upon which License No. 78 was issued, being license for the distribution of crude gum, treated gum, gum turpentine and/or gum rosin, which license was issued by the Secretary of Agriculture, July 13th, 1934, and effective 12:01 a. m. Eastern Standard Time

July 14th, 1964, is made a part of the record by reference only.

Now, are there names that can be suggested to represent the Control Committee for the State of Alabama at this time?

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: I would suggest M. T. Stallworth, Mobile.

J. R. Prine, Summerdale, Alabama.

PRESIDING OFFICER GIFFORD: Any others? Give us the full names for the record, please.

MR. BOYKIN: J. A. Starbrough, Yellow Pine, Alabama.

MR. WARD: This is off the record now.

(There was a discussion off the record.)

MR. WARD: What was the second one?

MR. BOYKIN: J. R. Prine, Summerdale, Alabama.

PRESIDING OFFICER GIFFORD: Are there any other names to be suggested, any other suggestions for the State of Alabama?

(No response.)

PRESIDING OFFICER GIFFORD: If not, is there anyone who desires to make nominations for the States of Mississippi, Louisiana and Texas?

MR. BOYKIN: Mr. Chairman, I desire to nominate Mr. R. M. Newton of Wiggins, Mississippi.

Mr. Luther Blackledge.

PRESIDING OFFICER GIFFORD: How do you spell that?

MR. BOYKIN: B-l-a-c-k-l-e-d-g-e.

His address is Saucier, Mississippi.

PRESIDING OFFICER GIFFORD: Are there any further nominations from

Mississippi, Texas and Louisiana?

(No response.)

PRESIDING OFFICER GIFFORD: If not, for the states of North and South Carolina.

MR. NEWTON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Newton.

MR. NEWTON: I want to suggest Mr. W. L. Rhodes, Estill, South Carolina.

MR. D. J. Herrin, Wilmington, North Carolina.

PRESIDING OFFICER GIFFORD: Are there any other nominations to represent the two Carolinas?

(No response.)

PRESIDING OFFICER GIFFORD: The State of Florida, does anyone desire to make nominations for the State of Florida?

MR. WEIBERT: Mr. Chairman, I nominate Mr. R. L.Black.

PRESIDING OFFICER GIFFORD: We want four names suggested please.

MR. BLACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Yes, Mr. Black.

MR. BLACK: I understand that Mr. Weibert has nominated me.

PRESIDING OFFICER GIFFORD: Yes.

MR. BLACK: It will be impossible for me to serve. I have given the best I have to the committee, and even if I was selected it would be impossible for me to serve, and in addition, I am considering very seriously making the race for governor.

MR. SPEH: Off the record, now.

(There was a discussion off the record.)

MR. WEIBERT: I wish to nominate, Mr. Chairman, Mr. C. P. Kelly of

Madison, Florida.

MR. NEWTON: I would like to nominate Mr. A. F. Bullard of De Funiak Springs, Florida.

Also Mr. V. G. Phillips of Waukula, Florida.

I would like to suggest Mr. George Hall, who has been a candidate for Control Committeeman for two or three times and he made a very credible showing with the operators in the number of votes that he received, George V. Hall. His address is Putnam Hall, Florida.

DR. GOLD: Mr. Joseph.

MR. JOSEPH: Yes, sir.

DR. GOLD: Do you want to suggest any names?

MR. JOSEPH: I suggest Mr. W. E. McArthur of Jacksonville, Florida.

Also Mr. J. T. Miller, Interlachen, Florida.

PRESIDING OFFICER GIFFORD: Are there any further suggestions for those to represent the State of Georgia?

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: I have been informed, Mr. Chairman, since I made my suggestions that one of the members of the Control Committee has resigned, and I would like to suggest these other names.

Mr. McCarthy, who is present, and also

Mr. A. V. Kennedy, of Waycross, Georgia.

Mr. J. B. Davis, Albany, Georgia.

Mr. James Fowler, Soperton, Georgia.

Mr. L. M. Autrey, Valdosta, Georgia.

Mr. Charles Gillican, Homerville, Georgia.

And Mr. J. A. Bowers, whose address I do not know.

PRESIDING OFFICER GIFFORD: Are there any further suggestions to represent Georgia?

MR. BOYKIN: I would like to nominate Mr. W. S. Booth of Manor, Georgia, who was present to testify.

PRESIDING OFFICER GIFFORD: Are there any further suggestions? If not, who do you suggest to represent the wood naval stores?

MR. NEWTON: Pardon me, Judge, I would like to add another name to the list, that of Mr. T. S. Boykin of State Line, Mississippi.

MR. BOYKIN: Mr. Chairman, I would like to ask Mr. Newton to withdraw that nomination. It would be impossible for me, if selected, to serve. I could not possibly give it the time. Shortly after the first of the year I am going into the lumber business and other business and different things of that sort.

PRESIDING OFFICER GIFFORD: Your statement is in the record.

Now, to represent the wood naval stores, is there anyone here who can make suggestions for them?

MR. BENEDICT: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Benedict.

MR. BENEDICT: I would like to mention, or nominate Mr. A. B. Nixon, Wilmington, Delaware.

Also, Mr. G. H. Tennent, Hopewell, Virginia.

PRESIDING OFFICER GIFFORD: Are there any further suggestions?

MR. BANKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BANKALOW: Have you any names to suggest for the wood group?

MR. NEWTON: I would suggest the name of Dr. J. G. Kerr, President, Eastern Fine Chemical Products Company. That will identify him.

PRESIDING OFFICER GIFFORD: All right. Are there any further nominations?

(No response.)

PRESIDING OFFICER GIFFORD: If not, nominations to represent the distributors is next. Is there a distributor here who can make some suggestions for us?

MR. JOSEPH: There are not very many distributors here.

PRESIDING OFFICER GIFFORD: Have you been sworn, Mr. Joseph?

MR. JOSEPH: No, sir.

PRESIDING OFFICER GIFFORD: Will you be sworn, please?

MR. JOSEPH: Yes, sir.

TESTIMONY OF C. W. JOSEPH,

JACKSONVILLE, FLORIDA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER GIFFORD: For the record, give the reporter your full name, Mr. Joseph.

MR. JOSEPH: C. W. Joseph, Jacksonville, Florida.

I think it would be well to have Savannah and Jacksonville represented, one member from Savannah, and one from Jacksonville.

DR. GOLD: Would you enumerate for us the men you think should be included in that list?

MR. JOSEPH: Well, say, Mr. Nash, Mr. Mustin, and Mr. Theus, and one of them to be selected from Jacksonville, Mr. Lucas, Mr. Adamson and Mr. Moller.

PRESIDING OFFICER GIFFORD: I think we should have their full names.

MR. WARD: I have those, Mr. Chairman.

PRESIDING OFFICER GIFFORD: All right.

MR. WARD: Mr. J. C. Nash, Savannah.

Mr. A. F. K. Mustin, Savannah.

Mr. Charles T. Theus, Savannah.

Mr. A. S. Lucas, Jacksonville.

Mr. A. E. Adamson, Jacksonville.

Mr. Herbert B. Moller, Jacksonville.

DR. J. C. Kerr.

Mr. James H. McCormack.

Mr. A. P. Nixon.

Mr. George R. Tennent.

PRESIDING OFFICER GIFFORD: Now, nominations to represent factors.

MR. BENEDICT: Mr. Chairman, I would like the privilege of nominating Mr. Millard Reese of Brunswick, Georgia.

PRESIDING OFFICER GIFFORD: We need at least four names.

MR. WEIBERT: I should like to nominate Mr. H. M. Wilson.

PRESIDING OFFICER GIFFORD: Is that H. M. Wilson?

MR. WEIBERT: H. M. Wilson, Jacksonville.

Also, Mr. W. J. Kelly, Jacksonville.

Mr. Herbert L. Kayton, Savannah.

And Mr. McIntosh, O. T. McIntosh, Savannah.

MR. BLACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Black.

MR. BLACK: I would like to ask Mr. Weibert to be nominated.

MR. WEIBERT: I am very sorry, but I cannot serve.

MR. BLACK: Mr. H. Weibert of Jacksonville.

Also, Mr. Chairman, Mr. W. B. Gillican, Homerville, Georgia.

And Mr. H. E. Wickersham, Pensacola, Florida, as a factor, nominated by Mr. Benedict.

And also add Mr. T. J. Taylor of Mobile, to the dealer's list.

PRESIDING OFFICER GIFFORD: Now, is there any further testimony to be given under section 1 of article 2?

(No response).

PRESIDING OFFICER GIFFORD: If not we will adjourn at this time and reconvene at 7;15 o'clock in this room.

(Thereupon, at 6:10 o'clock p. m., a recess was taken until 7:15 o'clock p. m.)

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EVENING SESSION

(The hearing was resumed at 7:15 o'clock p. m.)

PRESIDING OFFICER GIFFORD: The hearing will come to order, please, and the record will show that the further hearing of this matter is adjourned from the Assembly Room in the Mayflower Hotel, Jacksonville, Florida to Room 1012 of that hotel for the further hearing.

I hope ladies and gentlemen that this will be the last move we will have to make.

At the time of recessing for dinner we were discussing section 1 of article 2, on the matter of the Control Committee, and I thought we had completed it, but if there is anyone else who has anything to say in reference to that we will be glad to have them offer their evidence.

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Speh.

MR. SPEH: I think, if I am not mistaken somebody spoke to me about

adding the name of Mr. R. E. Benedict of Georgia to the names of Georgia.

PRESIDING OFFICER GIFFORD: Someone requested that it be done?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: His name will be added to the list.

MR. SPEH: Mr. R. E. Benedict.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Speh, why was the date July, 1936, set as the date which the Control Committee should hold office?

MR. SPEH: It was felt that any changes in the personnel of the Control Committee could be made at that time with less inconvenience and less upsetting of the whole work of the Marketing Agreement than at any other time.

You have gone through the period of having sent out allotments and having made investigations, and having heard complaints and have adjusted the various differences which might have arisen; the season is now well under way and things are running as smoothly as they will during that one year, that calendar year. It is, however, before the time when you are /making allotments for any subsequent year or before you are considering setting the crop, or making any changes for the subsequent year, considering so it would seem that any changes made in the personnel would entail less difficulty then than at any other time.

DR. GOLD: Do you have something further, Mr. Weibert?

MR. WEIBERT: Yes, Mr. Chairman, I wish to offer an amendment to section 4, Method of Allotment, I believe it is.

PRESIDING OFFICER GIFFORD: Do you have four copies, please?

MR. WEIBERT: Yes.

PRESIDING OFFICER GIFFORD: The proposed amendment will be identified as exhibit No. 22, will be admitted in evidence and made a part of the record.

(The proposed amendment to Article 4, Method of Allotment, submitted by Mr. Weibert, was marked "Exhibit No. 22" and is attached to this record.)

PRESIDING OFFICER GIFFORD: Do you want to discuss it now, Mr. Weibert?

MR. WEIBERT: I think it has been discussed. Shall I read it?

PRESIDING OFFICER GIFFORD: Yes, read it, please.

MR. WEIBERT: Section 4 - Method of Allotment - "Processors who process naval stores from leased timber or lands owned in fee simple and are equipped with a complete still, houses and all that is necessary to do a bona fide operating business, and who processed in 1935 200 units or less, shall not be compelled to accept lower allotments, and if they processed less than 200 units they shall not be prevented from increasing their production to 200 units if they have or can procure the timber."

PRESIDING OFFICER GIFFORD: This amendment just now introduced into the record, you discussed it this afternoon?

MR. WEIBERT: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this proposed amendment?

MR. SPEH: I presume, Mr. Chairman, that the language of that will probably be changed. For instance, we say "quarters" instead of "houses".

MR. WEIBERT: Yes.

MR. SPEH: I meant just so it does follow the other reference in the Marketing Agreement.

MR. WEIBERT: Of course, the language can be improved.

PRESIDING OFFICER GIFFORD: Is there anything further under Section 1 of Article 2?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up --

MR. SPEH: Well, Mr. Chairman, we only discussed paragraph 1 of section 1, I believe.

PRESIDING OFFICER GIFFORD: That is right. I was just calling for paragraph 2, section 1.

MR. SPEH: I thought you said we had finished section 1.

PRESIDING OFFICER GIFFORD: No, paragraph 1. If I did say that, I am sorry.

MR. SPEH: That is all right.

PRESIDING OFFICER GIFFORD: You may proceed.

MR. SPEH: Paragraph 2 of this section 1 merely provides the machinery --

PRESIDING OFFICER GIFFORD: Just a minute.

All right, you may proceed.

MR. SPEH: It merely provides the machinery for the creation for selection and nominations of the Control Committees in years subsequent to that ending July, 1936.

Paragraph 3 deals with the nine members representing the gum processors.

Paragraph 4, with the two members representing wood naval stores.

Paragraph 5, with the two members representing distributors.

And paragraph 6, the two members representing factors, merely setting up a means of placing in nomination various names as suggested repre-

sentatives under those respective groups.

We have no suggestions to offer on those.

PRESIDING OFFICER GIFFORD: Does anybody else desire to discuss these two sections, paragraph 2, paragraph 3, paragraph 4, paragraph 5, and paragraph 6 and 7?

MR. SPEH: No, 6 was the last.

PRESIDING OFFICER GIFFORD: Are there any questions?

MR. BARKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Barkalow.

MR. BARKALOW: I haven't heard the discussion; I don't know what is in the record.

PRESIDING OFFICER GIFFORD: It is just merely a formal statement of what they are; it is just the machinery for carrying into effect future organization of the Control Board, and how they are constituted.

MR. BARKALOW: Somebody has got my copy of the Act. I cannot proceed without it.

PRESIDING OFFICER GIFFORD: We have had no discussion except a formal statement of what they are. That begins at paragraph 2 on down to paragraph 6 of article 2.

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: Some discussion has appeared in the record previously regarding the method of voting for members of the Control Committee, as to whether or not that vote should be cast per person, or by volume, and if it is decided by anyone to make any further statement regarding that, or any suggestion, or criticism of the plan of voting that is provided in this proposed copy of the agreement, we would like to hear it now.

(No response.)

PRESIDING OFFICER GIFFORD: Does anyone desire to put anything in the record concerning this subject of Manner of Election?

MR. BARKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Barkalow;

MR. BARKALOW: Mr. Speh, in paragraph 2, it says,

,"may nominate two persons as successors to each of the four members named herein to represent state of Georgia."

I think what is meant there is two to represent certain handlers, instead of the state of Georgia. They are not going to represent the state of Georgia, are they?

MR. SPEH: I think that is right.

MR. BARKALOW: Would you have any objection if that change were made?

MR. SPEH: I think by all means it should be made so as to represent those contracting processor-handlers in the state of Georgia.

MR. BARKALOW: Now, the same thing applies all the way through.

MR. SPEH: The same applies all the way through, making similar changes in reference to Florida, Alabama, North and South Carolina, grouping Mississippi, Louisiana and Texas.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: Pardon me, Mr. Chairman, for that correction. I certainly would have objected to the state of Georgia having more representation than the state of Mississippi anywhere, and at any time.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BANKALOW: Do you feel that there has been established here an adequate method for selection of a Control Group?

MR. SPEH: I believe that the method set up will enable the Secretary to carry out the provisions of the Act whereby he may select the Control Committee, and the machinery enables him to have the benefit of such recommendations as the industry care to make, so as to enable the Secretary to comply as nearly as possible with what will be the wishes of the respective groups within the state or within the industry and without state groups. I think it is a very happy combination of permitting members of the industry to have a voice in the selection and at the same time does permit the Secretary to make the selection in compliance with the Act itself.

MR. BANKALOW: Going over to paragraph 3, would you care to make any comment with respect to the way that provision will be applied? You will notice it provides that each of the nine members, among other things, shall be a contracting handler, and who is a resident of the state, or one of the states.

What is the purpose of that provision?

MR. SPEH: We felt that if the man is to represent the state of Georgia, or to represent the processor to the state of Georgia, that he be of that state; he should have a processing industry in that state; at least he should be a resident of the state for whom he is representing the processors, and that is the requirement.

MR. BANKALOW: Do you feel that the system of voting is equitable?

MR. SPEH: We feel that the method of counting the votes by assigning one vote to each unit-handler being a contracting processor is a fair way. It represents the relative volume of interest of the man being

regulated; it represents his interest in the matter to a large extent; it represents the number of people employed by him and benefitting by his judgment just the same as they would benefit by his judgment throughout a period of years on his selling on the market, or withholding, if he exercised good judgment, and why he is apt to be more successfully running an operation, and he is in a position to pay his help better, and I believe in this case he is exercising his judgment on these various matters and that judgment is reflected throughout his whole organization.

MR. BANKHEAD: Would you mind outlining for the record just the way this system of nominations will work?

As I understand it there will be no candidates for nominations for a specific place. There are to be 18 nominations and the nine who shall be selected from the 18, receive the highest number of votes successively, is that right?

Could you outline for the record just how that is going to work, so that there will be no confusion when they begin to try to nominate.

MR. STEH: I can outline what I know to be the intention, and which I believe is carried out.

In the case of Georgia with its four representatives nominations will be called for from the processors engaged in processing gum turpentine, and gum rosin in the state of Georgia. Each will vote for 8 members, and there will be assigned to each of those ballots the number of votes to which that particular processor is entitled as shown by his allotment.

The eight names receiving the eight greatest number of votes within that state of Georgia and ballots cast by the processors of Georgia, will be considered nominees for a place on the Control Committee as representing the processors in Georgia.

The same would be true of the other states.

As I understand, then, these 8 names wi l be sent to the Secretary of Agriculture, and he must select 4 from those 8 names.

MR. BARKALOW: Now, could you outline for the record the method of selection of the wood group under paragraph 4, the way in which you expect that to be applied.

MR. JOSEPH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Joseph.

MR. JOSEPH: Before we get on that, may I ask a question?

PRESIDING OFFICER GIFFORD: Yes, sir.

MR. JOSEPH: I understand Mr. Speh to say they vote those 8 members. They wouldn't vote but for 4 of the 8 members.

PRESIDING OFFICER GIFFORD: Will you answer that question, please?

MR. SPEH: It is my understanding they will place in momination, 8 names.

MR. JOSEPH: They vote for 4.

MR. SPEH: No, they place in nomination 8 names.

MR. JOSEPH: And each voter votes for 8?

MR. SPEH: Yes, when they place them in nomination, that constitutes a ballot for those 8 names.

PRESIDING OFFICER GIFFORD: So that there may not be any confusion, I understand there are no candidates for nomination; is that right? That statement was made awhile ago.

MR. BARKALOW: Is it not true, Mr. Speh, that they can place as many names in as they want, and then when the vote is counted for each name, the 8 who receive the highest votes successively in Georgia will be

nominees, that is to say, they may place in 10 or 12 names and the names who receive the highest votes will be the nominees?

MR. SPEH: That is not my understanding of it. I understood that each processor is entitled to place in nomination two names for each representative who is in the state or group of states, that is, Georgia with its four representatives would mean that each processor within the state of Georgia was entitled to place in nomination 8 names.

MR. BARKALOW: Mr. Speh, were you present at the discussion when that plan which you discuss was in the agreement and the point was brought out that they didn't want to have any candidates for any particular vacancy, and that they simply wanted to nominate names for the four vacancies, with not a chance of any candidate going after a particular facancy, so that it was thought they would put as many names as they cared to, anybody could nominate anyone they wished, and that they would all be submitted to be voted on, and the first 8, in the case of Georgia, would be the nominees?

Do you remember that discussion?

MR. SPEH: I remember the discussion, but I was under the impression the final decision --

MR. BARKALOW: How do you interpret this language there, each of the nine shall be selected by the Secretary from the eighteen nominees for membership on the Control Committee who received the highest number successively of votes cast from their state, or states?

Was not that particular language placed in there for the reason that I have suggested?

MR. SPEH: It was, but as I understand paragraph 2, may nominate two persons for each of the four in Georgia. That would mean they were to nominate 8.

MR. McCARTHY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCarthy.

MR. McCARTHY: May I ask a question?

PRESIDING OFFICER GIFFORD: Certainly.

MR. McCARTHY: What will happen if the processors vote for only four, whereas, he is required to vote for 8? Would his vote be counted?

PRESIDING OFFICER GIFFORD: What is your plan about that, please, Mr. Speh?

MR. SPEH: You cannot compel a man to vote, but I believe you can stipulate the conditions upon which he is voting and the form of that ballot.

MR. McCARTHY: In a general election a man has the privilege of voting for one man if he pleases, and scratch out the rest.

PRESIDING OFFICER GIFFORD: In other words if there are 8 names on the ballot and a man goes in and goes for the top name --

MR. McCARTHY: Yes.

PRESIDING OFFICER GIFFORD: (Continuing.) Would they count that a vote for that man?

MR. SPEH: In this case having no names on the ballot and merely sending out a blank ballot, and in the case of Georgia, you request the man to write in 8 names.

PRESIDING OFFICER GIFFORD: Suppose he only writes in one, it would be a vote for that man?

MR. SPEH: That could be counted a vote for that man, and not as 8 votes for that man.

MR. WARD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Ward.

MR. WARD: That is the point I want to bring out.

I think probably Mr. McCarthy is trying to find out if this is cumulative, and if a man could vote for one man 8 times as is customary in the election of boards of directors, you own one share of stock, and there are 10 members of the Board, you can vote 10 votes for one vote, or one vote each for 10 votes, or two votes each for 5.

MR. McCARTHY: My interpretation would be that if a man had 500 votes and you only voted for one man, that man would get the 500.

MR. WARD: Would he get eight times?

MR. McCARTHY: No.

MR. SPEH: That is my understanding.

MR. McCARTHY: That will certainly happen because this course of procedure is certainly going to cost something.

MR. NEWTON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Newton.

MR. NEWTON: In case you asked for eight and they happened to vote for nine, that would be a void ballot, wouldn't it? If through mistake they named nine, you would have to void that ballot?

MR. McCARTHY: I wonder if that should not be explained, Mr. Chairman?

PRESIDING OFFICER GIFFORD: Does anyone have any suggestion to clarify this so that you will all get it just like you have it in your minds?

MR. WARD: Mr. Speh, if the Secretary under paragraph 3 picks 9 from the 18 nominees who receive the highest number successively of the votes cast from their state or states, do you feel that it will be nec-

essary, for example, in the case of Georgia, to nominate more than 8 persons?

MR. SYKES: No, sir; if you nominate the 8 persons you have provided the Secretary with two for each one of the vacancies.

MR. WARD: But my point is this; he has to choose 9 from the 18 receiving the highest vote successively cast in their state.

Now, if you only vote for 8 in Georgia, what is the use of voting? There aren't out of the list who receive the highest number of votes cast in their state? Why vote?

MR. SYKES: Because all of the processors will not put the same 8 names on the ballots. Each processor will have his idea of 8 names. One processor will put one list of 8 names, and another processor will put another list of 8 names, and you tabulate each of those names.

MR. McCARTHY: I wonder if it would not be a practical thing to have the candidates for the position qualify and have the names printed on the ballots? It does not matter how many it would be, but just say for the name to go on the ballot it must be proposed within a certain number of days before the name is sent out, and have the names that are proposed put on the ballots, and then put in there to vote for 8. If 12 names, say, vote for 8.

That would avoid a lot of votes for so many different people.

MR. WARD: Since there is no provision, Mr. McCarthy, for such as you suggest, that is, picking out any names, there is no machinery for these pre-nominations. The only way you could do that would be to print the names of all eligible electors or processor-handlers in the state and let a man take the whole list and pick out 8 and vote for them. That is done frequently.

MR. McCARTHY: That would be too much.

MR. WARD: I have seen lists like that, two or three thousand names

Mr. Speh, in order to clear up that point, and I believe the idea you express is the one they had in mind when this was drafted, that any man might write in any name he saw fit, each man to write two for each of the four vacancies.

In view of the fact that we find used in this paragraph the words "may nominate", do you think it would help if we had there "may nominate by inscribing the names on his ballot of two persons as successors," so that it is made clear that you are not going to nominate and then vote on a lot. Each man is simply going to nominate his choice for the two successors for each place by simply inscribing their names on his ballot. Those are his nominations. Then, when all of the names come in they will be tabulated and counted and the 8 who receive the highest votes successively will be the 8 nominees.

Do you think that will clear up the question?

MR. SPEH: Just where do you mean that?

MR. WARD: Line 5, the last two words of line 5, paragraph 2.

"May nominate by inscribing the names on the ballot two persons as successors," etc.

MR. SPEH: On page 6?

MR. WARD: On page 5.

MR. SPEH: Oh, on page 5?

MR. WARD: Yes.

MR. SPEH: Pardon me.

MR. WARD: Line 5,

"May nominate by inscribing their names on his ballot" or "on their ballots" - we have a plural there - "two persons".

Do you think that would help the situation?

MR. SPEH: I think it certainly would tend to definitely state just what is meant. If you do word it that way, I do not see how anyone in Georgia would not realize that he has a right to place in nomination 8 names, and he will do it by writing those names on the ballot.

Now, I want to ask a question, but you folks can't answer questions, can you?

I think it well then that you add something so as to describe what constitutes a proper ballot. In order to do that you might say, "Shall nominate by inscribing on the ballot two for each". Then they must, he must do that. If he fails to do that, if he nominates 6 names instead of 8 --

MR. WARD: Aren't you afraid, Mr. Speh, that you are imposing too great a penalty on a man? Suppose he should have an extra name, would you throw out his ballot because he carried an extra name on it?

MR. SPEH: I believe you have the right to prescribe the conditions under which you will consider a ballot being proper.

MR. WARD: That is true, but we want to reach all of these men.

Now, there are some men away up in the woods there, that that might be confusing to.

MR. SPEH: I should not think there would be any man confused by saying that he shall inscribe the names of two persons for each of the four. That certainly is very definite.

MR. WARD: Then, if he should name 6 you would throw out the ballot?

MR. SPEH: I would do so; yes, sir, if that is the way you word it.

MR. NEWTON: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Newton.

MR. NEWTON: I would like to make a suggestion.

PRESIDING OFFICER GIFFORD: Very well.

MR. NEWTON: To word it, "not in excess of 8", that he has a right to nominate 8. The fact that he does not nominate 8 should not void his ballot, but if he nominates in excess, it should because you would not know as to where above 8, which 8 he intended, but put in "not in excess of 8".

MR. BANKALOW: What you mean there, I think, Mr. Newton, is that it would then read, "May nominate by inscribing their names on the ballot, not to exceed two persons as successors to each of the four."

MR. NEWTON: That is right.

MR. McCARTHY: Why not leave it "May nominate two persons" and not put in "exceeding"? It would follow that is what he was supposed to do, but it would not compel him to do it. Just leave it, "May nominate" and if he does do it, you would have to count the ballots for whoever he voted.

MR. BANKALOW: Mr. McCarthy, if you did that, wouldn't you be allowing a man to vote for more than his share? If he put in 10 names he might vote for 8 of those that he cared to nominate and then throw the votes for 2 that his friend cared to nominate.

MR. McCARTHY: I think you would have to throw out a ballot that voted for more than 8. It wouldn't be a ballot.

MR. BANKALOW: Well, if that is the case, why not have it say, "Two for each", because I think our objective here is to make this as fair as we can and as equitable as we can, and to reach some of those who

may not be accustomed to inspire by this kind of ballot, and we don't want to have them thrown out on the ground there is an extra name in there.

MR. McCARTHY: If you say "not exceeding ", a certain number, that would be all right maybe. Maybe he would just vote for four.

MR. BLACK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Black.

MR. BLACK: May I ask Mr. Speh a question?

PRESIDING OFFICER GIFFORD: Certainly.

MR. BLACK: Mr. Speh, what would be the objection to offering an amendment, and suggesting a nominating committee in the states in which the election is to take place and let your nominating committee nominate them and call for an election?

MR. SPEH: Mr. Chairman, that matter was given some discussion and we ran up against the point of selecting a nominating committee, because after all is said and done the personnel of a nominating committee can have considerable influence on the nominees.

MR. BARNALOW: Mr. Speh, wouldn't you find that confusing, in that you would then have two groups of nominees - these are all nominations - and they would all come up to the Secretary for him to choose the membership from?

Now, if you are going to have a nominating committee to nominate nominees for the Secretary, don't you think that might be a little confusing?

MR. SPEH: I think Mr. Black's idea was that the nominating committee would prepare a slate of suggested nominees and those would go on the ballot to go out for voting.

MR. BLACK: Yes.

MR. SPEH: And possible in that list prepared by the nominating committee - whereas, you want to vote on 8 nominees, - that nominating committee would select 16 and the processors would vote for 16, and the Secretary would select 4 of the 8.

MR. BLACK: Yes.

MR. BANKALOW: In view of the fact that this is to reach all contracting processors, and that it must be truly representative of them, don't you think it would be better to leave the nominations up to them direct, so that they are free to write any names in there that they care to, and not have a steering committee to pick certain ones that they think ought to be eventually members?

MR. SPEH: That is the way we felt, at least the Control Committee, in its general discussion felt that we should avoid in every possible way any suggestions at all, leaving the names wide open, even though there might be 500 names suggested on the ballot, and just simply count the votes and pick eight out of the 500.

I think with your suggested changes, or amendments making that line read "May nominate by inscribing names on the ballot of not in excess of two persons as successors for each of the four," that certainly will set an upper limit . It does not set a lower limit. And in that way if a person did nominate fewer names, you could still count the ballots.

We would have sooner or later, however, to ask for a ruling as to what disposition to make of a ballot where a man disregarded that and did actually place nine names on the ballot.

MR. McCARTHY: Mr. Aycock has a suggestion here that I think might be well.

MR. AYCOCK: I think you can simplify that by saying "Nominate 8 persons" in place of four, instead of saying two for each four, say 8, because a lot of them might only vote for two.

MR. McCARTHY: It will also avoid the possibility of pitting one man against another. A reading of that would rather imply that you vote for two persons for each man's place.

Now, if you put it to vote for eight, spell it out like Mr. Aycock says, I think you will remove that.

PRESIDING OFFICER GIFFORD: To clarify it still further, that in casting the vote eadh only vote one time for each man.

MR. McCARTHY: That is right.

PRESIDING OFFICER GIFFORD: So as not to be cumulative.

MR. SPEH: Should you make such a change, you would have to make a corresponding change in sub-paragraph 8 on the question of filling vacancies, because now the method of filling vacancies is that prescribed over here, that is, you nominate the two for each vacancy.

PRESIDING OFFICER GIFFORD: I don't quite understand that point. Why will you have to change 8? You will simply follow the procedure as set forth in 2, 3, 4, 5, and 6 will you not?

MR. SPEH: Yes, sir; but the procedure as set forth in two, will with that change, if not some other proviso in place, show that you would nominate for Georgia 8 names.

PRESIDING OFFICER GIFFORD: Well --

MR. BARKALOW: Of course, if you had a vanancy and only vacancy, you would not nominate 8 names for the vacancy, would you?

MR. SPEH: I would not expect that you would, but you would not have anything left, nothing to indicate how many you would nominate for

that vacancy. Therefore, you have to spell it out over in paragraph 8.

MR. BARKALOW: Is there serious objection to leaving this as it is in view of that confusion? They will then have to change 8, and find some way to vote for the vacancies.

MR. SPEH: If I might suggest, Mr. Chairman, I think the wording suggested by Mr. Aycock does simplify and clarify the intention. Therefore, it would be my suggestion - I don't know how Mr. McCarthy feels - that that change be made, when you come to paragraph 8 to carry out the intention now contained in the present paragraph 2 by placing in nomination two for each vacancy irrespective of the state it may occur in.

PRESIDING OFFICER GIFFORD: Is that satisfactory then, to go ahead through this and correct all of those succeeding paragraphs as to each state, to conform with the idea that has been expressed here?

MR. BARKALOW: That isn't necessary.

PRESIDING OFFICER GIFFORD: All right, withdraw that.

Have you any further questions?

MR. SPEH: Do I understand, are we to make that a formal amendment, or is that merely in the record as a suggestion, - a suggested change, that when the marketing agreement is revised in Washington, that that will be taken into consideration?

PRESIDING OFFICER GIFFORD: I think it is not necessary to make an amendment of it, if it is understood by everybody that is to be written in that condition, or would you prefer there be an amendment?

MR. BARKALOW: It seems to me if the weight of the evidence is something else, the agreement has to be changed to fit the weight of the evidence anyway.

PRESIDING OFFICER GIFFORD: That is my thought exactly.

MR. BARKALOW: Mr. Speh, I think before we got back to this we were about to discuss the method of selection for the wood group. Would you mind discussing paragraph 4 a little as to how you expect that to work?

MR. SPEH: The vote there is on the same method, namely, by volume of allotment, that is used in the gum naval stores.

MR. BARKALOW: Was it not intended that t ese two should be divided among those using steam?

MR. SPEH: Yes, sir.

MR. BARKALOW: And those using other processes?

MR. SPEH: It was. I was just trying to locate that.

PRESIDING OFFICER CLIFFORD: On page 4 about the middle of the page.

MR. SPEH: Oh, yes, sir. One shall represent the contracting handlers who process wood turpentine by steam distilling process, and the other shall represent contracting handlers who engage in processing by other than steam distilling process, so that each of those respective groups would nominate - place in nomination two members from their respective group and the Secretary would make a selection from that.

That seems to be a fair division because the solvent class is distinct in its products, its method of marketing and method of production and its marketing problems from the other two groups.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Do you feel that the method of voting in the other group is equitable?

MR. SPEH: I do. It gives the representation by volume of their business.

MR. BARKALOW: And you feel that the nominees to be selected that way will be truly representative of the industry?

MR. SPEH: Of the respective groups.

MR. BARKALOW: Of that branch of that industry.

MR. SPEH: Yes, sir.

MR. BARKALOW: That is all I have.

PRESIDING OFFICER GIFFORD: Now, gentlemen we are down to nine.

MR. SPEH: Seven is the next.

MR. BARKALOW: Just a moment, please; I thought we stopped at four.

MR. BOYKIN: Four is just what we discussed.

MR. BARKALOW: Mr. Speh, do you feel that the provisions in paragraphs 5 and 6 with respect to the nomination of representatives for factors and distributors will insure the choice of nominees who will be truly representative of those groups in the industry?

MR. SPEH: I do. The voting there is again on the basis of volume of business, relative volume of business in both cases of factors and distributors.

MR. BARKALOW: Is there any intnat, express or not, that these two representatives should be divided in any way between, for example, Jacksonville, the Jacksonville and Savannah markets.

MR. SPEH: There is nothing expressed in these provisions, but there is no question but what the way the industry does work, that there may be a subdivision of representation, and I am sure that the distributors as a group will get together and discuss among themselves the names they will place in nomination.

There is relatively a small number of dealers and factors, and that

is something they could very easily do. It is not necessary to have any meetings of any kind or any expensive sending out of ballots among themselves. In the past few years matters have come up and there has been a decided tendency to try to scatter representation between Jacksonville and Savannah on the part of these distributors and of the factors.

MR. [illegible]: Do you feel that it is necessary to spell that out over here in paragraph 1 as you did for the wood group, or will the natural forces take care of that?

MR. [illegible]: I think the general working of the industry will take care of that. I think they will prorate and scatter that representation even better than we could prescribe in any set-up that we could put in here.

As I say, that has always worked out in the past on anything that has come up.

MR. [illegible]: That is all.

PRESIDING OFFICER [illegible]: I think we have discussed No. 7, as to why that arrangement was made, as to why the terms should begin on the 1st of July.

MR. [illegible]: I opened up, I believe with that.

PRESIDING OFFICER [illegible]: Yes. If there is nothing further under paragraph 7, is there anything under paragraph 8?

MR. [illegible]: I think that if we were to make the change that was suggested in paragraph 2, that we would have to spell out the paragraph 8 to take care of vacancies occurring during the year, and I think it could be very simply stated by merely saying that the respective state or group of states or groups, should place in nomination two names for each vacancy occurring within the respective group of states or groups.

I think that would take care of it.

PRESIDING OFFICER GIFFORD: Are there any further suggestions as to that paragraph?

(No response.)

PRESIDING OFFICER GIFFORD: If not, No. 9, compensation.

MR. SPEH: We offer as an amendment, Mr. Chairman, to article 2, paragraph 9, the following:

"Strike and substitute 'Members of the Control Committee shall be entitled to expenses necessarily incurred in the performance of duties hereunder and in addition shall receive such compensation as the Secretary may determine."

PRESIDING OFFICER GIFFORD: That amendment will be identified as exhibit No. 23, and made a part of the record.

(The proposed Amendment to Article 2, Section 1, Paragraph 9, submitted by Mr. Speh, was marked "Exhibit No.23" and is attached to this record.)

MR. SPEH: The Control Committee members themselves might be a little reluctant about expressing themselves on this question of compensation, but I believe that I have attended every meeting of the Control Committee and I do know that they put in long hours and good hard work and close application to the problems, and that our attendance at the meetings has been well over 90 per cent, which would indicate that at every called meeting, or even special meetings, the committee members have not hesitated to sacrifice their own business interests, or cancel any engagement that they certainly must have had at sometime, to attend the meetings.

There is no intention of even being able to put the cost of true compensation to be paid to any member of the Control Committee as measured

by the service he renders to the industry. It is merely a means of returning to him possibly some money as represented by his expenses. I do know one member of the Control Committee who, because of the time he had spent on committee work, found it necessary to put on an extra man to take care of a lot of work he ordinarily would take care of himself, with the result that I dare say that the money he received for his own time merely goes to defray that expense. I think that probably is true of other members of the Control Committee.

Furthermore, there is no intention whatsoever of confining this membership to the members of the industry who are better able to afford to meet this expense themselves, or better able to afford to be absent themselves from their own business. By enabling the Secretary to render some compensation you are going to enable some small operator who might be just as capable to serve on the committee to be a member without making an unreasonable sacrifice.

So we do feel that this is not unreasonable and suggest that they be paid such an amount as the Secretary may see fit.

MR. BAILEY: Mr. Black.

MR. BLACK: Yes, sir.

MR. BAILEY: You have been a member of the Control Committee and have had some contact with what it cost you to serve, what is contributed by the members to the industry. You have indicated that you don't expect to be in a position to serve again. In view of that would you care to suggest an amount which might be put in the record here as an adequate amount, or a suitable amount that should be paid to members of the Control Committee?

MR. BLACK: Well, I think that they should receive ten dollars per day, and five dollars per day expenses and traveling expenses, five cents per mile each way, going and coming to their committee calls.

MR. BARKALOW: Is that actually five cents per mile out of pocket traveling expense, or would they get the five cents where they all grouped up and came in one vehicle?

MR. BLACK: They could use their own automobiles and receive the five cents.

MR. BARKALOW: Then, only the man owning the car and was paying the expense would get that money?

MR. BLACK: Yes, sir.

MR. BARKALOW: In the way it is done in the government accounts?

MR. BLACK: Yes, sir.

MR. BARKALOW: Then you would suggest that the five dollars per day expense be outright, that the five dollars be an outright per diem for expenses? That they would have to render no account for its disbursement?

MR. BLACK: No account at all.

MR. BARKALOW: They could get five dollars and no more no matter what their expenses had been?

MR. BLACK: Yes, sir.

MR. BARKALOW: And that would also apply to the travel allowance of five cents per mile, no matter what the expense had been, provided the man putting in the account had actually incurred the expense in traveling?

MR. BLACK: Five cents per mile?

MR. BARKALOW: Yes.

MR. SPEH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Speh.

MR. SPEH: Might I suggest it might be well to bear in mind the possible proviso that that rate of five dollars per day applies to those days when the Control Committee is meeting, in other words, in case of those days when they are in session. It frequently happens that the Control Committee is called to go to some points other than its regular meeting places, that is, probably you are called upon to go to Washington, and in that case I don't believe that Mr. Black had in mind limiting the expenses on those trips to five dollars a day.

MR. BLACK: I think I would, Mr. Speh. I think five dollars per day will take care of any man's hotel expense, I don't care where it is.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this?

MR. BARKALOW: Mr. Newton, would you care to offer any suggestions here?

MR. NEWTON: I agree with Mr. Black in everything he said except that I have had some experience in Washington, and if you could get by on five dollars per day in Washington it is better than I have been able to do.

MR. BARKALOW: That is, your five dollars per day plus the five cents per mile traveling expense and ten dollars per day salary?

MR. NEWTON: Oh, yes, I think it would, all except these unusual trips, and they should be actual expenses.

MR. McCARTHY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCarthy.

MR. McCARTHY: I don't think he should be paid five cents per mile where he goes on the train. I think in that case he should only get his actual expenses.

MR. JOSEPH: Don't you think that would offset the excessive charges he would have to pay in Washington, that that five cents per mile there and back would be sufficient, a sufficient amount to offset the hotel bill?

MR. McCARTHY: The trip to Washington is 725 miles; that would be $75 in mileage for the round trip. He might stay only three days.

MR. JOSEPH: Yes, but a part of that would be for actual expenses up there.

PRESIDING OFFICER GIFFORD: We must go on, gentlemen, if we can, and get by this tonight.

Is there anything further?

(No response.)

PRESIDING OFFICER GIFFORD: If there is nothing further under that paragraph, proceed to No. 10.

Do you care to explain that briefly for the record, Mr. Speh, as to what it is?

MR. SPEH: The purpose of paragraph 10 is to set up the organization of the committee, indicating that the Control Committee after having been selected by the Secretary, shall have power to select their own chairman, and it also provides that they would select such other persons as they see fit, and shall set up such rules for the conduct of their business as they may deem advisable.

PRESIDING OFFICER GIFFORD: And also provides the designation of an agent to whom all communications may be addressed? Do you think that is the best way to do that?

MR. SPEH: Well, the Secretary may ask for a designated agent, but it requires the Control Committee to keep such agent thoroughly informed as to all of their meetings and transactions.

PRESIDING OFFICER GIFFORD: Is there anything further under No. 10?

MR. BARKALOW: Mr. Speh?

MR. SPEH: Yes, sir.

MR. BARKALOW: You are familiar with section 8-C, 7-C and D of the Act. Do you find that this power in the Control Group is incident to the other powers which they have under this agreement?

PRESIDING OFFICER GIFFORD: You are discussing No. 10 now?

MR. BARKALOW: No. 10. In other words, do you find that it is necessary for them toadopt rules of procedure for them to function?

MR. SPEH: Yes, sir.

MR. BARKALOW: As a control group under this agreement?

MR. SPEH: Yes, sir; and in order to do so, they must, of course, select their chairman as Presiding Officer.

MR. BARKALOW: You appreciate that there is no specific power granted herein in the Act, hence it must be one of the incidental powers.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there anything further?

MR. BARKALOW: THat is all.

MR. SPEH: As I understand, this paragraph 10 confers no power upon the Control Committee in the way of administration of the Marketing agreement; it merely sets up their own rules and regulations for them to conduct their own meetings.

MR. BARKALOW: It would then be a power incident to those which they are granted.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there anything further under this section?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to section 2, defining the powers of the Control Committee.

MR. SPEH: Section 2 very closely follows the powers as defined in the Act itself, which provides that they shall have such powers and only such powers. I see no reason to enlarge upon them. They practically carry right through the Act.

PRESIDING OFFICER GIFFORD: Is there any further discussion of those powers?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed to section 3, Duties.

MR. SPEH: Section 3 is similar, the Act setting up the duties of such Control Committee, or at least sets up the base of the duties which are incorporated in here. We have one amendment to the section, namely, the addition of paragraph 6, which would read as follows:

"To establish and/or foster any agency for the purpose of securing for the naval stores industry effective advertising and research. The expenses of such advertising and research shall be defrayed from funds collected pursuant to any provision of this agreement."

I would like to submit that as an amendment, Mr. Chairman.

PRESIDING OFFICER GIFFORD: This proposed amendment will be identified as exhibit No. 24, and ordered made a part of the record.

(The proposed amendment to Article 2, Section 3, to be added as Paragraph 6, submitted by Mr. Speh, was marked "Exhibit No. 24", and is attached to this record.)

MR. SPEH: I would like to discuss that, Mr. Chairman, because many

of us feel that frankly that is just about as important as any feature of the Marketing Agreement.

PRESIDING OFFICER SMITH: Proceed.

MR. BARTALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARTALOW: Before we come to that I would like to ask you if you have found that the duties as outlined here are incidental to, and not inconsistent with the terms and conditions as set forth in sections 8, 7 and 8-C of the Act? Those, as you know, are the general provisions under which this agreement was drawn.

MR. SPEH: We believe they conform to the requirements set forth there, whereby, I believe, you are given certain duties, and that the duties in any marketing agreement must contain one or more of certain provisions.

MR. BARTALOW: For example, section 6 to which I referred has to do with the method of allotment and limitation of marketing.

And section 7 is that part which we have just discussed wherein the terms which can go in orders are outlined.

Now, then, for example, do you feel that it would be necessary that the Control Group have a duty imposed to act as intermediary between the Secretary and the parties to this agreement?

MR. SPEH: We do.

MR. BARTALOW: That would be a necessary function?

MR. SPEH: Yes, sir.

MR. BARTALOW: And also that they should furnish to the Secretary with available information.

MR. SPEH: Yes, sir.

MR. BARTALOW: Do you feel that is a necessary --

MR. SPEH: Absolutely.

MR. BARTALOW: (Continuing) -- duty?

MR. SPEH: It is.

MR. BARTALOW: And also to keep books and records?

MR. SPEH: Yes, sir; we feel it is their duty also to employ such employees as they may deem necessary and to determine their salary and define the duties of such employees, all of which, of course, would be in accordance with the budget as set up.

MR. BARTALOW: Do you feel also that they should perform duties in connection with section 32 of the Act?

MR. SPEH: We do.

MR. McCARTHY: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. McCarthy.

MR. McCARTHY: I would like to suggest Mr. Chairman, that under paragraph 1 of section 3, it says,

"To act as intermediary between the Secretary and any contracting handler,"

that it might be well to say,

"The Secretary and any or all contracting handlers,"

as this might be construed to mean that he could only act as intermediary between the Secretary and one contracting handler.

MR. SPEH: It seems to me that if the committee is in power to act as intermediary between the Secretary and any contracting handler they would also be empowered to act for any group collectively.

MR. McCARTHY: I know that is the purpose of it, but I just wondered if it expressed it.

PRESIDING OFFICER GIFFORD: Is there any further discussion as to section 3?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let's take up section 4, Procedure.

MR. SPEH: Mr. Chairman, I would like to discuss that amendment.

PRESIDING OFFICER GIFFORD: Oh, yes, proceed.

MR. SPEH: Inasmuch as the purpose of the Act is to not only establish a balance between available supply and consumption, but also to do every thing possible which will tend to restore parity prices under certain conditions, that clearly indicates that there is an intention of not only attacking this problem through regulation of production, but also by trying to increase consumption, and trying to increase demand; otherwise, we would have to suppose that the whole intention of the Act was to freeze any industry in that position whereby you would establish definite balance between available supply and consumption and merely adjust yourself within that narrow range.

We do not feel that is the intention. We feel that the intention is just as much to permit every agricultural commodity to try to expand its markets, and that is clearly indicated by the various acts of Congress, and in section 32, all of which seems to have as its purpose market expansion, the development of markets, free movement of commodities. If congress had had any other intention they would have set up various laws which would have a tendency to restrict consumption, and, therefore, make

it necessary to regulate through reduction in production.

So that we feel along that line we should do everything we can to assist the establishment of that balance between supply and demand by increasing a demand, and this we want to do in various ways:

One through research which would mean to find new uses for our product; find how to create new products out of our raw material to increase that demand, just as increasing the market would increase the demand, and it would tend to increases if the volume remained the same, or it would permit an increase in available volume with probably a slight increase in prices and benefits being equally distributed throughout the industry, that is, a producer producing twice as much as another would reap twice the benefit.

The wood industry would also reap the benefit, just the same as the gum industry, caused by increased demand for naval stores with the consequent rise in prices.

So that we do feel that in helping with the entire program that is not unreasonable. To the contrary we feel it would be very proper.

We do know that if there is any feature of any of your programs suggested which finds favors in the eyes of the processor, it is a program of market expansion, market development, of research and of advertising. I think you gentlemen will find in the record there are quite a number of people who have stated they did not favor crop control but they did favor a concerted effort, a cooperative effort on the part of the industry to carry out such research and advertising.

And again I say we feel it is very proper and I think would find great favor and little, if any, resistance on the part of producers in the industry.

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock.

MR. AYCOCK: I would like to ask Mr. Speh to read that amendment again.

PRESIDING OFFICER GIFFORD: Will you read the amendment again, please, Mr. Speh?

MR. SPEH: Amend article 2, section 3, by adding as paragraph 6, as follows:

"To establish and/or foster any agency for the purpose of securing for the naval stores industry effective advertising and research. The expenses of such advertising and research shall be defrayed from funds collected pursuant to any provision of this agreement."

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Speh, I would like you to break that down in your discussion into its parts.

Will you discuss the sort of research you contemplate under this paragraph?

MR. SPEH: The chief research we would undoubtedly undertake would be that of chemical research. Inasmuch as our products are raw materials for chemical manufacturing industries naturally we have to look to the field of chemistry to assist us in these market developments.

The consumer is not familiar with our products in the state in which we market it except to a very negligible extent.

Rosin is known to some extent, for instance, soldering, for base ball

playing, used on the ball, and some people feel it is used violin bows, but this rosin we market is not. It will gum up any bow you use it on.

So, the public does not come in contact with this raw material in its present state. Therefore, that explains the statement made by Mr. Lacy, I believe, that the consumer, the ultimate consumer does not contact our products.

But our raw material is quite well known in manufacturing industries, and if we can develop through chemical study new uses, new combinations, and new forms in which to make it available to the consumer, we will develop this new outlet.

Chemical research has done wonders for the wood industries. As a matter of fact, it is chemical research which is making it necessary that we avail ourselves of chemical research. It was chemical research that helped us first in the olden days in varnish, where they used fossil gum and linseed oil. They had certain types of varnish which back in those days when they used rosin they procured a product which was of a very low grade varnish which showed ring stains, etc. Chemical research came to our aid and developed a lustre, ester, shiny wood oil which enabled us to take our place right with the fossil gum resins, and we were riding very nicely until chemical research came along and again developed lacquers, which made it necessary for us to get busy again.

The wood people have shown what they can do through chemical research, but as I stated before, all of their findings have been kept to themselves and used in developing a market for their own product.

DR. GOLD: Do you conceive of that research program as a part of the regulation of an interstate shipment?

MR. SPEH: To the extent, as I say, it would establish that balance between supply and demand in effectuating the purpose of that act.

DR. GOLD: The type of research you contemplate is to be a research that can be immediately applied to the marketing of naval stores?

MR. SPEH: It could; yes, sir.

There is other research besides chemical research. There is marketing research which means a study of the machinery of marketing, the methods of marketing, forms of package, which would certainly enter in interstate and foreign commerce in the handling of our commodities.

DR. GOLD: In regard to the section on advertising, you are acquainted with the portion of the Act relating to the regulation, prohibition and restriction of advertising?

MR. SPEH: Yes, sir.

DR. GOLD: Is it true that any contemplated expenditure for research and advertising under this section would be made possible out of a budget expenditure to be approved by the Secretary?

MR. SPEH: We contemplate that; yes, sir.

PRESIDING OFFICER GIFFORD: Gentlemen, you are getting a little weak.

DR. GOLD: Do you believe that the submission of a budget including an item of advertising would be construed as a limitation, or restriction on advertising?

MR. SPEH: We have, whether correctly so or not, interpreted that provision as --

MR. BARKALOW: Section 10 it is, Mr. Speh.

MR. SPEH: I can't locate that part of it.

MR. BARKALOW: In the middle, the second sentence. It is page 20.

MR. SPEH: We look upon that as a distinct warning to the Secretary that he should keep his hands off of advertising, that if they want to advertise, he has no right to prohibit, no right to restrict, and no right to regulate.

DR. GOLD: Do you feel that if he should approve a budget that he would be doing those various things which you say he has no right to do? Would he, for instance, be regulating advertising which the industry had set forth in the budget expense, if he would approve a budget including advertising?

MR. SPEH: He would not be limiting the industry to that budget of advertising. They could go out and do all of the advertising they wanted.

DR. GOLD: Without the approval of the Secretary?

MR. SPEH: Yes, sir; they could not necessarily from those funds, but they could collect a fund in addition to those. Therefore, he is not limiting our advertising.

DR. GOLD: Have you contemplated any scheme of organization outside of the terms of the agreement, by which an advertising campaign was carried on?

MR. SPEH: It was hoped that after we get going on this, as supplemental funds were raised, we might be able to raise additional funds to carry on an extensive campaign. Of course, that is something that is merely in contemplation.

We do feel that if the Secretary were to refuse a budget that the industry asked and wanted in, he certainly would be prohibiting advertising.

DR. GOLD: Do you believe that the Secretary finds himself in the dilemma that if on the one hand he does not approve the budget suggested to

him he is prohibiting advertising, but on the other hand, if he does approve the budget he is regulating advertising.

MR. SPEH: We interpret that regulation did not mean, you might say, determination of volume, but rather the use of it, in the sense of prohibition that he was regulating, regulating by prohibiting.

DR. GOLD: If nothing was said about advertising -- in other words, if there were no place for advertising in a marketing agreement, would you say that fact meant that the Secretary prohibited advertising?

MR. SPEH: If there was nothing said in the marketing agreement about advertising, of course, the Secretary would not be prohibiting it; but, if on the other hand, industry did incorporate such a provision in their agreement and the Secretary refused, why, he would be prohibiting advertising.

DR. GOLD: You don't feel that on the other hand that the moment that he approved the budget, he is both restricting and regulating advertising?

MR. SPEH: No, because he has not stated to the industry that they shall not spend anything beyond this amount on advertising, because industry would be free to go out and raise such additional funds as they wanted to.

DR. GOLD: Does the Secretary have any relationship with the industry under that proposed agreement, marketing agreement?

MR. SPEH: No, sir.

DR. GOLD: Is this then one way that the Secretary might in any form regulate matters the Control Committee might propose to him?

MR. SPEH: That is the only form, yes, sir.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: Might I ask one question?

PRESIDING OFFICER GIFFORD: Yes, sir; certainly, Mr. Boykin.

MR. BOYKIN: Do you contemplate that under your amendment, the funds which are now in the hands of the Control Committee, any portion of that fund, or all of it should be used for advertising and research under the order of the Secretary?

MR. SPEH: No, sir; the present Marketing Agreement distinctly says that as soon as this Marketing Agreement is terminated, that the Control Committee must prorate to the producers who have contributed that surplus, they must prorate that surplus. There is no way for the Control Committee to carry that over further unless the respective producers and processors authorize the committee to do that, and then they probably would only do it as a donation to advertising and research funds, or just tell the Control Committee, "You may retain my prorate amount if you will give me a credit against my next year's assessment," but that certainly will be up to each member of the industry as to what disposition will be made of his particular share of that surplus.

MR. BOYKIN: That provision of the agreement, however, has not been suspended, has it?

MR. SPEH: The provision or proration?

MR. BOYKIN: Yes.

MR. SPEH: No, that still holds.

MR. BOYKIN: Could you include in your amendment there some language that would allow a vote to be taken by the members of the industry as a whole, whereby that which is already in the hands of the Control Committee could be used for research the same as that which might be collected in the future?

MR. SPEH: Well, if I might suggest, Mr. Chairman, the most effective way of handling that would be to write each processor telling him there remains in the hands of the Control Committee a surplus of such and such amount, and of this amount your share is approximately so and so. Will you authorize the Control Committee, or will you contribute this amount to a fund to be devoted for research and/or advertising? Then upon the specific authority of that individual processor that might be used. The Control Committee would have no right whatsoever to take it upon itself to use that fund, use any of the surplus without the permission of the individual operator.

PRESIDING OFFICER GIFFORD: Therefore, it resolves itself, if that was done with the funds on hand, it is going to be a voluntary arrangement?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: And could not be controlled by any marketing agreement?

MR. SPEH: That is correct.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: With respect to research, you are familiar with Section 10-B (2) of the Act in which the expenses are collected and prorated? That is on page 23 of the compilation.

MR. SPEH: Yes, sir.

MR. BARKALOW: You notice there that it provides that "each order by the Secretary shall provide that each handler subject thereto shall pay to the agency such handler's share of the expenses as the Secretary may find will necessarily be incurred by such agency for the maintenance or

functioning of such agency".

Do you find any difficulty there with the use of these funds so col ected for research and advertisement?

MR. SPEH: Not under the word "functioning". I think it is perfectly proper to use those funds under that provision of "functioning". They are carrying out the purposes of the agreement which is to establish that balance, to approach parity.

MR. BARKALOW: You don't think that the order of the Federal Court for the district would change that situation any?

MR. SPEH: No, sir, because the order of the Federal Court merely ruled that it recognized the authority there to set up, to establish and enforce such agencies. The court pointed out that, as is frequently the case of a Federal statute, that there was not a proper tying in of appropriations and authority, and that in one case the court ruled that we had failed to make such tie in between appropriations and authority to establish and foster. So I gather the impression that that is the ruling of the court, and had we specifically appropriated the money, following up the authorization and fostering there, the court would not have made such a ruling.

MR. BARKALOW: Well, if a court was faced with the same question under this new Act and agreement, do you feel that a court would find that expenses for research and advertising -- advertisement were necessarily incurred for the maintenance and functioning of the Control Committee, that they could not maintain themselves and function without incurring an expense for research and advertisement?

MR. SPEH: If you set it up as one of the duties of the Control Committee, to establish and foster these various organizations, it becomes

a part of their function.

Of course, I am not in a position to discuss the matter legally.

PRESIDING OFFICER GIFFORD: I am just wondering whether this would not ask for a legal opinion, instead of a factual opinion.

MR. BARKALOW: Well, of course, it will have to be interpreted from a legal standpoint, but from a factual standpoint - what I was trying to get at was the factual side.

You have had experience with the functioning of Control Committees. Do you feel that for them, that for the system to function properly, it is necessary that they provide for research and advertisement in the case of naval stores?

MR.SPEH: I feel very decidedly that for the Control Committee to carry out effeciently the purpose of this marketing agreement it must do everything possible to expand its markets, and for that reason I believe it would be one of their duties as such. Therefore, to function completely they must carry out all of their duties.

MR. BARKALOW: In view of the fact that this duty, that is to foster and maintain advertisements and research, under the Act must come under Section A-C, 7-B, which are powers incidental to and not inconsistent with the terms and conditions specified in said sections 6 and 7, and necessary to effectuate the other provisions of such order, which are the provisions outlined in this agreement --

PRESIDING OFFICER GIFFORD: This is at the bottom of page 32.

MR. BARKALOW: No, page 18 of the compilation.

You will find that sub-sections 6 and 7 are those providing for the limitation of marketing and allotment, and in which are the general provisions which we have in Section 2 of Article II of the agreement. Which of

these powers and duties do you find that it is necessary for the Control Committee to have the incidental power with respect to advertising and research?

MR. SPEH: I would say, first, it was not inconsistent with these terms, and I would say that it was necessary to effectuate the purpose, and inasmuch as the provisions are all granted on the basis, for the sole purpose of effectuating the purpose of the Act itself, it certainly would not be inconsistent.

MR. BARNALOW: Well, you don't find, do you, that they are incidental to any of the powers under sub-section 6, page 17? They are not incidental to the limitation of marketing or the allotment. Do you find that to be so, or do you find they are incidental to those provisions?

MR. SPEH: No, I must admit that I don't see they are incidental to the --

MR. BARNALOW: Then do you find that they are necessary to effectuate the other provisions in this agreement?

MR. SPEH: Well, the provisions of the agreement are based upon the test, to accomplish the purpose of the Act itself, and which is to gradually restore parity by increasing demand or establishing balance, therefore, we do believe it to be necessary to effectuate those purposes.

MR. BARNALOW: Is there any particular provision in here that you had in mind, for example, in Article IV?

MR. SPEH: Well, every one of these provisions has as its purpose the setting up of machinery which will accomplish the purpose of the Act itself, or in this particular case of your marketing agreement, all of the provisions have that and no other purpose, and it would look to me that any provision therefore would be considered as necessary to accomplish that pur-

pose, which is, as I say, to gradually restore parity prices and to assist in establishing that balance between supply and demand. The Secretary is granted the power in the Act, he is granted authority to exercise these powers to establish this balance between production and consumption in such a way as to re-estsblish the prices to the farmers.

MR. BANKALOW: You refer there, do you not, --

MR. SPEH: To the preamble to the Act ---

MR. BANKALOW: (Continuing) -which is also found in the agreement?

MR. SPEH: (Continuing) In the marketing agreement, yes, sir.

PRESIDING OFFICER GIFFORD: Is there any thing further on this section?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up Section No. 4, referring to procedure.

MR. SPEH: This merely a matter of detail to serve as guidance for the Control Committee in making up some of its own rules and regulations.

Paragraph 1 specifies that there shall be a majority vote of the Control Committee, that a majority vote of the Control Committee is required in arriving at all decisions.

Paragraph 2 permits, in the case of emergency, taking a vote by mail. However, it has the protection in there that one dissenting vote will prevent adoption of any subject matter through a mail vote, which is considered to be a very effective power.

On the other hand, if there is an emergency measure come up with which each member of the Control Committee is thoroughly familiar with all the details and they care to express themselves early action can be taken on any question of that kind.

Paragraph 3, I believe, carries out the purposes, the authority given to the Secretary in regard to the removal of members of the Control Committee.

Also the right of the Secretary to supervise each action of the Control Committee and to disapprove at any time any such action.

Paragraph 4 takes into consideration that there may be questions arising within the functioning of the Control Committee, whereby one of the members of this Control Committee may have an interest, and in such cases he is not permitted to vote on the question. However, the point is that does not mean he is no longer a member of the Control Committee, but merely disqualified from acting from acting on that particular question.

MR. BARKALOW: Mr. Speh, do you find that the inclusion of these terms and conditions in the agreement are necessary to effectuate other provisions, that is to say, that it is necessary for the Control Committee to establish rules of procedure in order for them to function properly?

MR. SPEH: Certainly, yes, sir.

MR. BARKALOW: And that that should be set forth in this agreement?

MR. SPEH: Set forth to this extent.

MR. BARKALOW: Yes.

MR. SPEH: This does not give the complete rules, of course, because that is provided in Section 1. We consider these to be merely as basic rules to be set up in their rules and regulations.

MR. BARKALOW: To what did you refer when you said "Section 1"?

MR. SPEH: The last paragraph, it is the paragraph of Section 1 at the top of page 8.

MR. BARKALOW: Yes.

MR. SPEH: "And adopt such rules for the conduct of its business as may be deemed advisable."

Paragraph 8, I believe, carries out the purpose, the authority given to the Committee in regard to the number of members of the Central Committee.

Also the right of the Secretary to supervise each section of the Central Committee and to discipline or dismiss any such body.

Paragraph 9 takes into consideration that there may be questions arising within the functioning of the General Committee, already one of the members of this Central Committee may have an interest, and in such cases he is not permitted to vote on the question. However, the point is that does not mean he is no longer a member of the Central Committee, but merely disqualified from acting upon matters of this particular case.

MR. SCHLUETER: Mr. Chmn, do you find that the insertion of these terms in the agreement are necessary to eliminate other uncertainties, that is to say, that it is necessary for the General Committee to establish rules of procedure to cover the time by Chairman pro-tem?

MR. LYON: Certainly, yes, sir.

MR. SCHLUETER: And this will be set forth in the agreement?

MR. LYON: And rules to be also voted.

MR. PRATT: Yes.

MR. LYON: This does not give the complete rules, of course, because that is provided in Section 3. We anticipate these to be merely an basic rules to be set up in their rules and regulations.

MR. SCHLUETER: In what CIO or Union does Sec 3 Operation 1?

MR. LYON: The last paragraph, it is the paragraph at bottom I at the top of page 8.

MR. SCHLUETER: Yes.

MR. LYON: Then adopt such rules for the conduct of its business as may be deemed advisable."

Section 4 specifically states that they must incorporate in such rules these particular provisions.

PRESIDING OFFICER GIFFORD: Is there anything further under Section 4?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will proceed to take up Section 5, the question of funds.

MR. SPAR: May I ask you to bear with me, Mr. Chairman, I have another amendment, if you will please go back to Section 3. We got into that discussion on research, but I do recall I added paragraph 6.

PRESIDING OFFICER GIFFORD: Yes, sir.

MR. SPEH: I have another amendment to make to Article II, Section 3, to be marked paragraph 7, by adding paragraph 7 to read as follows:

"To make such expenditures as may be necessary to carry out the provisions of this agreement."

What is merely a safeguard in connection with that appropriation and authority. We did not want to have any misunderstanding later, so this is specific authorization of setting up as a duty on the part of the Control Committee, that they must use these funds and must pay these bills.

PRESIDING OFFICER GIFFORD: That proposed amendment will be identified as Exhibit No. 25 and made a part of the record.

(The proposed amendment to Article II, Section 3, by adding Paragraph 7, above referred to, submitted by Mr. Speh, was marked "Exhibit No. 25", and is attached to this record.)

PRESIDING OFFICER GIFFORD: Now, are ye ready to go back to Section 5?

MR. SPEH: Section 5, yes, sir.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Gold.

DR. GOLD: Mr. Speh, do you have in mind that the Secretary with bread permissive powers, require the Control Committee and its members to account for receipts and disbursements?

MR. SPEH: We have an amendment to Section 5, paragraph 1, to strike out the word "may" and substitute "shall", which reads "The Secretary shall require the Control Committee and its members to account for all receipts and disbursements".

PRESIDING OFFICER GIFFORD: This amendment will be identified as Exhibit 26 and made a part of the record.

(The proposed amendment to Article II, Section 5, paragraph 1, above referred to, submitted by Mr. Speh, was marked "Exhibit No. 26", and is attached to this record.)

PRESIDING OFFICER GIFFORD: Is there any further discussion of paragraph 1 as amended, as proposed to be amended?

(No response.)

PRESIDING OFFICER GIFFORD: Paragraph 2.

MR. SPEH: Paragraph 2 merely provides for the - merely requires that if any member of the Control Committee or any one functioning under the Control Committee is removed or ceases to be a part of the Control Committee, they must account for all receipts and disbursements and deliver all property over to the Committee. If they have any negotiable instruments, any assignments, or anything of the kind, those must be transferred to the committee.

PRESIDING OFFICER GIFFORD: Paragraph 3.

MR. SPEH: This merely sets up the members of the Control Committee. This paragraph 3 provides that upon the termination of the agreement the

members of the Control Committee functioning at such time shall act as joint trustees for the purpose of handling of the funds and property remaining in their hands, remaining in the hands of the Control Committee at the time of termination.

That is along the line as provided, I believe, in the Act, and is suggested in other agreements.

MR. BARKALOW: When you say "as provided in the Act", what do you have reference to there particularly?

MR. SPEH: I was under the impression there was a provision in the Act for the distribution of funds and setting up machinery for that distribution. It is possible I am incorrect on that, but I was under the impression there was something in the act, because of previous troubles in such suspensions.

Apparently I am in error. I can't seem to find it.

MR. BARKALOW: I will ask then, if you don't mind, to strike that statement.

MR. SPEH: I am apparently in error on that. I was under the impression it was in the act.

MR. BARKALOW: Mr. Speh, can you think of any objection, first, to having paragraph 3 of Section 4, which we are now discussing ---

MR. WARD: Section 5.

MR. BARKALOW: Section 5, I should say -- taken over to page 19 and made a part of Article VI, with respect to termination?

MR. SPEH: No, other than it is now under Section 5, which deals with funds, which provides for the use of those funds, and then carries all the way through, through disbursement after termination.

MR. BARKALOW: I should like to ask further, Mr. Speh, if you can

perceive of any objection to abandoning the idea of trustees to terminate these agreements, and to provide here simply that the members of the Control Committee then functioning, or such other persons as the Secretary may from time to time designate, shall, if so ordered by the Secretary, liquidate the business of the Control Committee under this agreement and dispose of the funds and property then in the possession of the Control Committee. In short, substitute the Control Committee itself for the trustees, with the understanding that the agreement would be terminated only after the funds had been liquidated, in order to eliminate any such condition as has come up with respect to the now present functioning Control Committee.

MR. SPEH: Well, it provides that they cannot liquidate those funds until after the termination of the marketing agreement. Having terminated the marketing agreement your Control Committee ceases to function. Therefore, to have them continue as an organization you have to set them up in some form.

MR. BARKALOW: Well, if this section were to provide that upon termination or suspension of this agreement the Control group would then proceed to liquidate, would there be anything to prevent a suspension of the agreement and an order from the Secretary to the Control Committee to liquidate, and then at the end of liquidation to be terminated?

MR. SPEH: We would not interpret suspension of the agreement as being the same status as termination of the agreement.

MR. BARKALOW: That is true. Therefore, the Control Committee could continue to function during suspension in order to liquidate the affairs of the committee. When they had completed liquidation they would submit their accounts to the Secretary for approval and the Secretary would then

terminate the agreement.

MR. SPEH: Unless you provide that there may be liquidation on conditions other than termination, I see no way in which the Control Committee could liquidate on a suspension.

MR. BARKALOW: Well, if this agreement itself provides that they shall liquidate on suspension, if so ordered by the Secretary, could you conceive of that being done?

MR. SPEH: Yes, if the agreement provides that.

MR. BARKALOW: Well, that was the suggestion I have just made. Can you see any objection to providing right here now that upon termination or suspension of this agreement or any of the provisions thereof, the Control Committee, if so ordered by the Secretary, shall liquidate the business of the Control Committee and then carry out the rest of the idea right through, in order to eliminate the appointment of trustees?

MR. SPEH: I see no objection to that, no sir; in fact, I think it would be a very good thing. The only purpose, you understand, of the trustees was to give some standing to the members of the Control Committee functioning after the termination of the marketing agreement, when they would no longer have an existense, and if you provide for them to act after, to act as liquidators before termination, why, I think it would certainly solve some of the problems we have been facing recently. The liquidation order would have to come from the Secretary.

I am not sure that I would recommend the inclusion in there of the suspension of any provision of the marketing agreement. I should think it would be well to have it the suspension of the marketing agreement with the exception of such provisions regarding liquidation as may be in there. There may be some minor provision of the marketing agreement that would be

suspended and you might say, well, the Secretary would not then order liquidation, but I am not sure.

MR. BARKALOW: This would be changed so that it read, "if so ordered by the Secretary".

MR. STEIN: You appreciate, of course, that in all these things I am trying to act for the Control Committee, and inasmuch as the Control Committee have not passed on the subject, on such change, I rather hesitate to commit the Control Committee.

MR. BARKALOW: Well, I should be glad to hear from any one now present in order that we may build up a record here which will give us some guidance and standards as to such a provision, whether such a provision might be used.

I might say that I feel that such provision will be in force in all of these agreements, in the light of the experience we have had with the last Control Board here as trustees, through no fault of their own, and it may be that the trustee system will never be used again. And I am simply asking you this in order to see if we can build a record here with reference to the kind of provision which could be best used in this industry.

MR. STEIN: Without committing the Control Committee but merely my personal opinion, I think it would be a very good thing, and I think it would expedite matters in liquidating and undoubtedly would save money, because it would be a very simple thing for the Secretary then through suspension to merely order liquidation and to immediately proceed to liquidate.

MR. BARKALOW: You don't have to wait for quite a long time.

MR. STEIN: No.

TRAVELING OFFICER CLIFFORD: Is there anything further under Article II?

(No response.)

TRAVELING OFFICER CLIFFORD: We will let the reporter rest for five minutes.

(Whereupon a short recess was taken.)

PRESIDING OFFICER GIFFORD: Let's proceed, gentlemen.

Now, proceed with Section 1 of Article III.

Mr. [illegible]: This section has to do with the expense program, which program concerns the setting up of a total amount to be used by the Control Committee and that has to be presented in the form of a budget. The Control Committee has not prepared in detail such a budget because we are not sure just whether we could include certain items in there. Naturally the Control Committee would like to see as substantial a sum as could be efficiently expended, used each year for advertising, for research, and particularly the research.

It was hoped that the total income derived by using the figures set forth in Section 2, Paragraph 7, Article IV, based upon the total volume to be marketed, would be made available, and that the amount of the budget for the necessary expenses and any incidental amount be made available for research.

This is set up as the share of expenses but by no means should be interpreted as a sale of tags, and the expenses have been prorated consistent with the volume of allotment, and it is recognized that the producer is able to pay a larger proportion of his share during those heavy producing months when he has a greater income, and therefore, the distribution of expenses throughout the season has been along on the same percentage basis as tags allotted.

We offer as a suggested amendment to Paragraph 3 of this section ---

MR. MARSHALOW: Mr. Pyeh, before you get down to 3, could you fix an amount to be inserted in Section 1, Paragraph 1, in such a way that it would

indicate that amount which might be necessary for the maintenance of the Control Committee, and then include therein the total amount which would be necessary for research and advertisement, in order that you will -- for instance, in Paragraph 2, you say that the prorata share shall be that amount which is paid pursuant to Article IV, Section 2, Paragraph 7, and over here you collect a certain amount but you don't know how much you are going to collect, and hence you have no amount in paragraph 1 here.

It seems to me that you should lay out your budget right now and get it outlined so you will know what you are going to spend, so if it is approved by the Secretary, you won't be in the same position you are in with the old agreement about the budget. I see no necessity for putting that off; I think it ought to go in here now, because he must make a determination.

Can you give us for the record, perhaps not now but later, an amount which you intend to put in paragraph 1 there, and break it down?

MR. SPEH: Yes, sir, we can break that down.

That would be on the assumption, of course, that tags were going to be the means of identification and a form of policing set up.

I could do that and have that sent to Washington, you mean?

MR. BARKALOW: Well, for the purpose of that record, any appropriate way the Judge feels it can be made a part of this record.

PRESIDING OFFICER GIFFORD: You can give us the total amounts now and then in your brief you can break it down.

MR. SPEH: I would want to take a little time on that because we would have to take into consideration the -- you see, we had not figured on the use of tags for the wood people until we had introduced that amendment, but it would be satisfactory merely to state here for the purpose of the record,

to be supplemented by detailed statement, not to exceed $150,000.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: What were the expenses of the Control Committee in 1935?

MR. SPEH: I don't believe I brought those. I brought everything else but that.

Here is a statement as of October 3, 1935, expenditures, $80,402.40. That is for the period January to October 3 , 1935.

However, we should bear in mind that the Control Committee ceases to function to its fullest capacity on July 31st. We reduced our office force from about 35 to 4 people, and of course our mailing expense of our tags and everything ceases, and so this does not represent a true picture as to what our monthly cost is.

MR. BARKALOW: Could you give for the record some idea of what your average monthly cost is?

MR. SPEH: I am sorry, I thought I had that with me. I know it is here some place.

MR. BOYKIN: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Boykin.

MR. BOYKIN: May I ask a question, Mr. Chairman, before Mr. Speh answers that?

PRESIDING OFFICER GIFFORD: Yes, sir.

MR. BOYKIN: Would it not be almost impossible to answer that question, inasmuch as in the heavy producing months that cost goes up appreciably and in the lower producing months it goes down, so the only thing you could give would be an average.

PRESIDING OFFICER GIFFORD: That was the purport of the question. We realize he cannot give it absolutely, because it does vary so much.

MR. BOYKIN: Yes, sir.

MR. SPEH: I can have that available for the record tomorrow morning.

PRESIDING OFFICER GIFFORD: Then will you in your brief when you discuss this amount, break it down and show the items that you intend in this $150,000.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: With that understanding, we will proceed.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Could you in your brief also indicate the amount which you estimate you may collect pursuant to Article IV, section 2, paragraph 7, which is the provision with respect to tags.

MR. SPEH: Yes, sir. We would have to, of course, assume some figure for the volume to be marketed, for gum, and we would have to assume some figure for the volume to be marketed for wood, and we would have to assume they are going to be assessed at the same rate; instead of taking up the budget, we would have to take those assumptions.

MR. BARKALOW: If you include the wood and factors, would you care to keep those separate from the rest, so that the figures can be distinguished?

MR. SPEH: Yes, sir, I will.

MR. BARKALOW: As to what you estimate will come from the wood group and the factor group if they are assessed, and also with respect to your overhead amount, put in the budget your expected expenditures with respect to that, etc.

MR. SPEH: As I understand, as I say, such estimate would be based upon the assumption of contributions from the wood group, or the share of expenses from the wood group at the same rate as the gum.

However, to the best of my recollection, there has been no provision for any share of expenses from the factors or distributors, beyond it is provided in Articles IV and V, or paragraphs 4 and 5 of this section, it was merely to the expenses attendant -- I mean the share of expenses attendant upon the members, of those members of the Control Committee from those two groups, the distributor and factor, and that those expenses would just balance their share of the expenses as paid in by those groups.

There hasn't been anything developed, that I can recall, that would indicate that there is going to be additional funds paid in by those two groups. There was some discussion but I did not gather there was any definite decision on it.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Taking the agreement as it now stands, and with respect to the gum naval stores, do you feel that paragraph provides an equitable distribution of the burden of expenses, and that it provides an equitable way for a prorata share of that burden?

MR. SPEH: We do.

MR. BARKALOW: It is based upon the business done by the individual?

MR. SPEH: Upon the relative business done by the individual, and also as I stated, his ability to pay throughout the season based upon his returns, that is, his share of the expenses is not one twelfth of his total but it follows the average production per month, which means that he is not

obliged to draw on his resources during low producing months, but enables him merely to play along with his production.

MR. BARKALOW: Is that in turn commensurate with the amount of expenses that the Committee is put to with respect to that individual?

MR. SPEH: No, because the Committee's expenses are rather heavy at the beginning of the year in buying the year's supply of tags.

MR. BARKALOW: What I had in mind was aside from this periodical distribution of the burden over the period of a year, is that amount which each handler pays in, is it commensurate with the good that he gets back, and with the expenses of the Committee as allocated to his activities?

MR. SPEH: It is.

PRESIDING OFFICER GIFFORD: I think possibly the amendment to paragraph 3, which Mr. Speh said he desired to offer -- that has not been done as yet, has it?

MR. BARKALOW: No.

PRESIDING OFFICER GIFFORD: I think -- I thought maybe that might have some effect on the questions.

MR. BARKALOW: It will have an effect, and I preferred to discuss it before it is amended, because I am not sure that I can ask thereafter if it is an equitable proration of the expenses.

PRESIDING OFFICER GIFFORD: All right, handle it the way you wish.

Are there any further questions?

MR. BARKALOW: That is all I have.

PRESIDING OFFICER GIFFORD: Is there anything further under Article III?

MR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Off the record, please.

(There was a discussion off the record.)

PRESIDING OFFICER GIFFORD: On the record now, please.

Do you have a statement in regard to this proposed amendment, Mr. Speh?

MR. SPEH: Yes. We ask that we be permitted to file later an amendment to Article III, section 1, Paragraph 3, so as to provide that the handler of wood naval stores shall pay as his share of the total expenses of administration of the marketing agreement, an equivalent amount to that paid by other handlers of naval stores receiving an allotment, and as I stated when I referred to this particular amendment before, this will entail amending certain paragraphs under "methods of making allotment" because there we also want to require these tags, and t at was the reason that we ask that he might pay his share of th total expense on the same basis as the gum producer.

PRESIDING OFFICER GIFFORD: You will get those amendments in proper shape and submit them to us?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: And if they are presented within the time fixed for briefs they will be identified as exhibit No. 27, and if they are not submitted within that time they will be considered abandoned.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: In order that we may at this time make a record on those amendments, so that we have something to write this agreement on, are you prepared to discuss them, and do you contend that that is an equit-

able distribution of the burden of expenses?

MR. [illegible]: Yes, sir.

MR. BARNALOW: On a prorata basis?

MR. SPEH: Yes, sir.

MR. BARNALOW: Do you expect to amend four -- 4, to include the factors and distributors and to charge them expenses, and that they also use tags?

MR. SPEH: No, there is no provision that the factor-distributor use any tags beyond those tags already provided in connection with allotments given to some -- given to gum-processor-handler and wood processor.

MR. BARNALOW: You don't contemplate that will be in this amendment which you propose?

MR. SPEH: We haven't anything under consideration which is to require that there be a separate tag or another tag issued and used by the factor-distributor.

In other words, there would be no additional expense to the Control Committee, due to the factor and distributor coming under it, beyond that entailed by meeting the expenses of the Control Committee representing those groups attending meetings.

MR. BARNALOW: Why have you singled out the wood group for this amendment?

MR. SPEH: Because the wood group, as processors, have received a direct benefit from this regulation, from this control, the purpose being again to establish a balance between supply and demand, and to improve prices, the wood group directly benefits by such improvement.

To carry out such regulations, it was necessary to set up a certain form of policing system; there were expenses of administration involved,

and therefore they should share their share; they are benefited, and they should bear their share of such expenses.

MR. BARKALOW: Do not the wood group maintain that they are not benefited, that this is simply a restriction on the amount that can be marketed and that an increase in prices will not in the end benefit them, due to their low cost of production?

MR. SPEH: Well, they may maintain that, but it does look reasonable that if they can sell a unit at a price higher than they ordinarily would sell, that they would be benefited.

MR. BARKALOW: Have we any representative of the wood group present that we can ask that question of?

(No response.)

MR. WARD: I may refer to Mr. McCormack's statement which was included in the record fairly early today.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: In the light of what has been included in the record at this point, due to the fact that it is involved in Article IV, do you feel that it is an equitable distribution of the burden of expenses to charge the wood group a prorata share while you do not charge the factors and distributors who perhaps may be shown to get as much, if not more, benefit from this agreement than do the wood group?

MR. SPEH: I believe the record will show in the original discussion that the wood group do derive a very definite benefit and that that benefit is much greater than that derived by the factor and distributor.

By that I don't mean to say that the factor does not derive a benefit but his benefit is not as great or as tangible as that to the wood group or to the gum processor.

The distributor, on the other hand, through the expansion of markets and increased production, does benefit, but again not to the same extent as does the processor who receives 100 per cent of the price in the market as contrasted to the factor who receives but a part of that price in the form of an additional commission.

MR. JOSEPH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Joseph.

MR. JOSEPH: I would like to say, Mr. Chairman, from our standpoint, we cannot see where we get any benefit at all. In fact, it is a business proposition. It is the -- it is more or less the fluctuations in prices. Where you don't have a fluctuating market the dealer does not have but very little change to make a market, and so I don't see where he gets any benefit at all.

PRESIDING OFFICER GIFFORD: Is there anything further on Article III?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will turn to Article V on page 19, having to do with the subject of amendments.

Pardon me, do you have a question, Dr. Gold?

DR. GOLD: Well, that is all right.

PRESIDING OFFICER GIFFORD: May I call attention to the fact that all of these articles we have been discussing, that there are similar articles in substance in the proposed order, and also the evidence pertains to the similar provision which is in the order, as it is in the marketing agreement, or in other words, the evidence in one is taken as evidence on the other.

MR. BERKALOW: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Major Barkalow.

MR. BARKALOW: Before we leave Article III, you understand, do you not, the effect of paragraph 5, in that that provides that we may at the end of the year, - in fact, there is a duty to prepare a new budget, and a new total amount of expenses and a new prorata distribution of it.

MR. SPAH: Yes, sir. As I understand, for each year you must set up this new budget, and again determine what shall be each contracting handler's share of such expenses which necessitate a change of those values set up in Section 7 of Article IV.

MR. BARKALOW: That is the meet, is it not, the provision in the Act which says that an order may contain the amount of expenses which will be incurred during any period specified by the Secretary; hence we have here for him specified the period and it will be adjusted at the end of that period to meet the new period which will then be determined.

MR. SPAH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is that all?

MR. BARKALOW: Yes.

PRESIDING OFFICER GIFFORD: Now, turn to page 19 of the proposed marketing agreement under subject of amendments, section 1.

MR. SPAH: Article 5 deals with amendments to the agreement.

The Control Committee, through its experience, may find it desirable to suggest amendments to the agreement or any party to the agreement may suggest those amendments. The means bringing about such amendments is set up here, which requires, notice requires a hearing, and then to take a vote among the handlers, requiring that 67 per cent by volume of the naval stores must approve such amendment before the Secretary may put it into effect. This is in keeping with the general purpose which, as I understand, requires

the approval of two-thirds by volume or number, to put into effect an agreement or order, or rather to put into effect an order.

MR. JOSEPH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Joseph.

MR. JOSEPH: May I ask a question?

PRESIDING OFFICER GIFFORD: Yes, sir.

MR. JOSEPH: Is that two-thirds of those voting or two-thirds of the production?

MR. SPEH: It is by handlers who during the preceding crop year handled not less than two-thirds of the production. Just a minute.

PRESIDING OFFICER GIFFORD: While they are looking this matter up, does anyone have anything further to say as to the method proposed for amendments in your proposed marketing agreement and proposed order?

(No response.)

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: You understand, do you not, that under section 8-C (17) of the Act, that the provision of Section 8-C with the respect to the coming into effect of orders with or without a marketing agreement apply to amendments to the orders, except that a three-day notice is permissible.

MR. SPEH: We understand that that applies to the orders, yes, sir.

MR. BARKALOW: THat is true. Then in view of the fact that the agreement must be in accord substantially with the order, it is clear that is why we have used 67 per cent at this point.

MR. SPEH: Yes, sir.

DR. GOLD: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Dr. Gold.

DR. GOLD: Mr. Speh, in that section requiring 67 per cent, the Act reads:

"Provided that no order issued pursuant to this section shall be effective unless the Secretary determine that the issuance of such order is approved or favored by at least two-thirds of the processors", and so on.

Would you object to having this raised, in the light of that Act, and adding to it, "not less than 67 per cent of the naval stores processed during this crop, as the Secretary shall determine."

MR. SPEH: You mean -- what does the Secretary determine, the crop year?

DR. GOLD: No, he will determine as he is required to by the Act, that 67 per cent of the producers favor such an amendment, but you do desire requiring the Secretary's determination, I think, to be included in this section.

MR. SPEH: You are referring to what section now?

DR. GOLD: That is on page 19 of the compiled Act.

It is a technicality which I believe may be worth observing.

MR. SPEH: I think it would be a very good addition because the Act does require that no order, and an amendment would be equivalent to an order, shall be effective unless the Secretary determines this fact.

DR. GOLD: That is right.

MR. SPEH: At least two-thirds.

DR. GOLD: Yes, as the Secretary shall determine.

MR. SPEH: So that I see no reason why that should not be included.

PRESIDING OFFICER GIFFORD: Is there anything further under Article V?

(No response.)

PRESIDING OFFICER GIFFORD: If not, let's take up Article VI, Effective Time and Termination.

MR. SPEH: The first paragraph merely states -- the first section merely states that the agreement shall be effective as soon as signed by the Secretary.

PRESIDING OFFICER GIFFORD: Is there anything further?

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: What do you conceive to be the effect of that proposal as to the 67 per cent? Does that mean that if the Secretary chose he could elect some percentage which was not 67?

MR. SPEH: I don't see how he can. The Act provides there on that page 19, that "no order issued pursuant to this section shall be effective unless the Secretary determines that the issuance of such order is approved or favored by two-thirds of either production or processors," and in this case it merely would mean that two-thirds of the volume of producers would approve it.

Now, the Secretary must determine that they have approved it before he can put the amendment into effect.

MR. BARKALOW: Do you conceive that those who have handled 67 per cent signing the proposed amendment, that that would be sufficient proof to the Secretary that it had been approved by 67 per cent? Would he in your mind, have to make a separate determination that it were approved by 67 per cent, if 67 per cent have signed the amendment?

MR. SPEH: It would not seem so, but Congress evidently thought it necessary because Congress put it squarely up to the Secretary to determine that.

MR. BARKALOW: Isn't that true because here we are discussing the Act, we are not discussing the amendment; we are discussing an order which was not signed, but here where we have an agreement and where that amendment is signed by 67 per cent, would it not be clear that 67 per cent had approved it? There is not anything in the Act as it is, because there we have an order and hence the Secretary must set up a way by which we can determine that it is approved by 67 per cent, by perhaps referendum?

MR. SPEH: That would seem logical to me, excepting he would be guided by previous statement, that the marketing agreement and order must be substantially the same.

MR. BARKALOW: Well, in view of the fact that it is substantially the same as it is now, is put in the agreement, except for the fact that here you have the law, you have no way that you can determine that it has been approved there you are discussing the order alone because it is not signed, but here you have an agreement and that amendment is signed by 67 per cent, would you not conceive that that would be sufficient to show the Secretary it had been approved by 67 per cent, if they have signed the amendment?

MR. SPEH: I would say it would be evident to the Secretary that 67 per cent would approve it.

Now, the Secretary, as I understand, would have to sign the amended agreement.

MR. BARKALOW: That is right.

MR. SPEH: Therefore before he puts his signature on there he must have determined as a result of that investigation, and the investigation was merely summing up the volume signing.

MR. BARNALOW: That is true.

MR. SPEH: SO, as a matter of fact he has determined it before he signs the agreement.

PRESIDING OFFICER GIFFORD: I think the question is fairly and squarely put in the record from both standpoints and the Secretary can determine either way he thinks is correct.

Let's proceed with Article VI, please.

MR. SPEH: Article VI, Section 1 merely states that the agreement becomes effective when the Secretary has signed such agreement.

We see no reason why that should be enlarged at all.

Section 2, sub-paragraphhl, line 3, we offer as an amendment, that instead of one day it read, "by requiring at least seven days' notice by means of a press release," the purpose of that being, or at least that amendment has resulted from the fact that the Secretary terminated certain features of the present marketing agreement and suspended certain features of the present license upon one day's notice. It caught quite a number of operators rather unprepared, inasmuch the loan from the Commodity Credit Corporation was involved and a good many operators felt they were treated unfairly by such short notice. They had been living up to all the rules and met all the requirements of the marketing agreement and license, and had anticipated continuing to, who desired to participate in that loan, but notice of suspension was so short that a good many of them found their stuff enroute to the concentration points, and for that reason they felt that something longer than one day's notice should be required, and we

suggest that seven days' notice be required.

PRESIDING OFFICER CLIFFORD: This proposed amendment will be identified as Exhibit No. 28 and submitted for the record.

(The proposed amendment to Article VI, Section 2, paragraph 1, line 3, submitted by Mr. Spah, was marked "Exhibit No. 28" and is attached to this record.)

PRESIDING OFFICER CLIFFORD: Is there any further discussion of this amendment?

(No response.)

PRESIDING OFFICER CLIFFORD: If not, we will take up paragraph 2, Termination.

MR. [illegible]: Termination follows the idea set up in Section 8-c of the Act, sub-paragraph 16 (a) and (b).

PRESIDING OFFICER CLIFFORD: Proceed with the rest of your discussion as to the rest of the article.

MR. [illegible]: If we are going to amend Article III, I think it is --

PRESIDING OFFICER CLIFFORD: Article III, Section 3.

MR. [illegible]: Article III, Section 2, regarding trusteeship, we will have to make the corresponding changes in paragraph 3 of Section 2.

PRESIDING OFFICER CLIFFORD: Will you include that in the other amendment after you have set it up?

MR. [illegible]: I think just from a hasty reading of it, I think that all that is necessary is just merely drop the last five words there, "imposed upon the members --"

MR. MC CARTHY: Inasmuch as there will be no joint trustees, you make no reference to it.

MR. SPEH: No, we suggest that paragraph 5 be amended by dropping the last five words of the last sentence there.

PRESIDING OFFICER GIFFORD: Do you want to ask any general questions about this article?

MR. SPEH: I think most of that is covered in the Act itself.

PRESIDING OFFICER GIFFORD: However it is covered in the Act, you have set it up here and you think that is the practical way for it to be handled under the proposed agreement and suggested amendment as would be suitable for your industry?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is ther anything further under this article?

(No response.)

PRESIDING OFFICER GIFFORD: If not, we will take up article VII, Duration of Immunities.

MR. SPEH: Duration of Immunities, that is a usual thing in these agreements. I see no reason to comment upon it. It is taken from the Act, in order to prevent any liability under any suit in restraint of trade, and stipulates that these immunities shall only be effective during the life of the agreement.

MR. BARKALOW: MR. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: I see there that clause with respect to the extent of these immunities which are sometimes put in such a provision, has been omitted, that is, to the effect that they shall not extend or be construed to extend further than is necessary to carry out the provisions of the

agreement.

Would you perceive of any objection to having those words inserted if it were found that it would conform that way to the usual clause which is used?

MR. SPEH: I have no objection to that.

PRESIDING OFFICER GIFFORD: Are there any further questions?

(No response.)

PRESIDING OFFICER GIFFORD: Article VIII, providing for execution of the agreement and counterparts.

MR. SPEH: I see nothing within that, which calls for any comment. It is the usual form.

MR. BARKALOW: What would you understand to be the effect of that, Mr. Speh?

MR. SPEH: Merely a matter of expediency to permit each operator signing a separate document, and instead of sending it round-robin, you might say, with endless expenses and inconvenience, instead of requiring that the Secretary has to sign each one, it merely recognizes his signature on any one of these to be equivalent to having signed all of them.

PRESIDING OFFICER GIFFORD: Is there anything further under that Article VIII?

(No response.)

PRESIDING OFFICER GIFFORD: IF not, proceed to Article IX, Additionnal Parties.

MR. SPEH: I see no comment to make on that. That fits right in with "Counterparts" of the section above.

It does provide that after the agreement is in effect, other processors desiring to sign the agreement may sign and acquire the same rights

and privileges and the same restrictions as any other party to the agreement, to any agreement signed before the agreement went into effect.

PRESIDING OFFICER GIFFORD: And the same immunities.

MR. SPEH: And the same immunities.

PRESIDING OFFICER GIFFORD: Do you think that would be applicable to your industry?

MR. SPEH: Yes, sir.

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Do you foresee there any difficulty with respect to a new party to the agreement who did not have an allotment, who might then become entitled to one, and if all of the amount which is to be marketed has been allotted, how would that be taken care of?

MR. SPEH: You set up the conditions under which he must file an application for allotment. If he fails to comply with those, why, he is not entitled to allotment.

It is entirely possible that there may be someone that may be willing to sign the agreement even though they will not procure an allotment for that particular year, so as to insure themselves in participating in the next year's allotment. It merely serves notice on the committee that they should be put on the mailing list to receive notice of any further allotment.

PRESIDING OFFICER GIFFORD: Is there any further discussion of Article IX?

(No response.)

PRESIDING OFFICER GIFFORD: If not, proceed with Article X.

MR. FISH: Section 1 provides that the Secretary may designate any person who will act in his place as representative, in dealing with members /industry or members of the
of the Control Committee, in carrying out the terms of the marketing agreement.

I think that authority is given to the Secretary in the act.

WHITING (Office of Clifford): Section 2.

MR. FISH: This provides for the creation of an advisory committee if the Secretary so desires.

It takes into consideration the interest of the producer of crude gum who sells that crude gum and who naturally is affected and benefitted by any rise in the market on turpentine and rosin.

A good many of these gum sellers have been processors, a good many of them may be processors in the future, so they are more or less interested in what takes place. They lease the timber; they pay prices for the timber, and they are affected to some extent by anything that happens under the marketing agreement.

It was considered highly desirable that they be given an opportunity to be in close touch with what is going on in the industry.

They are given no power at all, they have no voting power but merely to advise.

The same is true of the consumers of naval stores. The Control Committee has been materially benefitted by opinions and market information which consumers might give them, in determining what crop to recommend to the Secretary of Agriculture and how best to avail themselves of the possibility of market expansion through research and advertising. Many suggestions might come from these consumers along that line.

Inasmuch as the committee is to benefit by their advice and would undoubtedly avail itself of every opportunity of such advice, it was considered only fair that the control committee pay the expenses of these members attending meetings of the Control Committee.

MR. WARD: Would it be advisable, Mr. Speh, to have two committees, one representing consumers? That provides in there for setting up only one committee. You have two different groups that would be members of the committee, with a chairman for the joint committee.

MR. SPEH: Well, inasmuch as they will have no authority to vote and that they will merely sit there in an advisory capacity when attending --

MR. WARD: Well, would there be any objection as to having a committee from the consumers separate from the committee from gum producers?

MR. SPEH: There won't be, as I understand it, two groups won't be attending as represeneting their group. What I mean is, they won't be any voting to be done. If the members representing producers desire to organize within themselves, why, they can certainly do that, and in that way discuss and determine the position which they might care to take in an advisory capacity before the Control Committee.

I see nothing -- you mean by providing that each must select a chairman? If they desire to do so, they will do it anyway.

MR. WARD: There is no provision in here that each of the two groups would have separate entity and would each have a chairman.

MR. SPEH: It certainly would be expected that the five members representing the gum producers will naturally select someone of their members as spokesman, and therefore they would have to select a chairman in spite of everything you could set up here.

MR. WARD: That is one of the reasons I brought that out, because

of that very fact. It might not be a group who would work very easy together because of their different interests.

PRESIDING OFFICER CLIFFORD: Is there any further discussion on that point?

MR. BARKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BARKALOW: Would there be objection to a member of the Forest Service sitting with that committee?

MR. SPEH: I think it would be highly desirable to have a member of the Forest Service sit with the Control Committee at each of its meetings.

MR. BARKALOW: And with the committee of gum producers?

MR. SPEH: I had interpreted this merely to have created the committee and their sole function is to sit with and advise the Control Committee. They have, you might say, no standing other than with the committee room. Now, if this same group required organization on the outside, setting up rules of procedure among themselves, that is one thing. It would look to me that they, in addition to the advisory representative from the Forest Service, should be looked upon as an aid merely for the purpose of advising the Control Committee in setting up a separate organization on the outside of the Control Committee, because there is no way that the Control Committee or the Secretary would have any authority over the activities of this group on the outside.

MR. BARKALOW: My thought was not that the membership should be added to by someone in the Forest Service, that someone in the Forest Service should be added to the committee, but simply if it were understood that a

representative of that particular service might sit with the advisory committee to discuss with it those problems, and also perhaps to sit with the Control Committee if the advisory committee was sitting with the Control Committee.

MR. SPEH: Well, I would much prefer to see it amended so as to provide that the representative of the Forest Service would sit with the Control Committee; in other words it would be understood that by sitting with the Control Committee they would not be sitting with the advisory committee. He would be a member of the advisory committee sitting with the Control Committee.

MR. BARKALOW: My point is this: if the advisory committee were to sometimes sit separately to discuss his own problem before it should meet with the Control Committee, as it may do, then there would be no objection in that case to having the representative of the Forest Service meet with the advisory committee when it met alone and then meet with the Control Committee when it is sitting either with or without this advisory committee.

MR. SPEH: THey said there would be no objection to the representative of the Forest Service, excepting that we would lose the value coming from such representation of the Forest Service, if he did not sit with the Control Committee.

MR. BARKALOW: You feel that he should meet with both committees?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there any further discussion?

MR. AYCOCK: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Aycock,

MR. AYCOCK: I agree with Mr. Speh, Mr. Chairman, that it would be a good idea to have a member of the Forest Service as a member of this

advisory committee.

PRESIDING OFFICER GIFFORD: Is there anything further on this article?

MR. BARKALOW: Before we turn the page, I would like to go back to Article V, Section 2 again.

I note in there that you have used the words "crop year." In view of the fact that we have used and set up all the way through the calendar year as the period which has been determined by the Secretary, should we not also there correct that to "calendar year" instead of "crop year", or have we defined the words "crop year" somewhere?

MR. SPEH: We have not, no, sir.

MR. BARKALOW: Well, do you feel we should follow through with the same term, using the words "calendar year" instead of "crop year", as that seems to be the year which has been picked as the crop year and also as the period to be representative?

MR. SPEH: Where is that reference, Mr. Barkalow?

MR. BARKALOW: The third line on page 19.

MR. SPEH: I would suggest that be changed to "the preceding calendar year".

MR. BARKALOW: In the next line that is found also.

MR. SPEH: "Processed during such year".

MR. JOSEPH: Mr. Chairman.

PRESIDING OFFICER GIFFORD: Mr. Joseph.

MR. JOSEPH: Is it true, Mr. Speh, that most processors do not keep the record of production by the calendar year, but do keep it by the crop year?

MR. SPEH: Well, on the other hand the record will be the allotment made.

MR. JOSEPH: That is right. I had overlooked that. You would make the allotment for the calendar year.

MR. BARKALOW: That is all.

PRESIDING OFFICER CLIFFORD: Now, turn to page 21 of the marketing agreement, Article XI, Derogation.

MR. SPEH: Article XI is in the usual form and I see no reason for any comments to be made on it.

PRESIDING OFFICER CLIFFORD: Are there any questions on it?

(No response.)

PRESIDING OFFICER CLIFFORD: If none, Article XII, Liability of Control Committee

MR. SPEH: This article has for its purpose the protection of members of the Control Committee as individuals, and provides that they shall not be personally responsible for any of their acts if committed or carried out under the terms of the marketing agreement and license or order.

PRESIDING OFFICER CLIFFORD: Article XIII, the separability clause.

MR. SPEH: This is the usual form, so as to provide that if any provision of the agreement is held invalid, that it does not affect the remaining provisions.

PRESIDING OFFICER CLIFFORD: From your experience do you feel, that Article XI, XII and XIII should be appropriately included in the marketing agreement, if extended?

MR. SPEH: We do.

PRESIDING OFFICER CLIFFORD: Article XIV, Order with Marketing Agreements.

MR. SPEH: This proviso is for the purpose of tying in the agreement to the corresponding orders. It is recognized that it is -- that to effectuate the purposes of the Agricultural Adjustment Act the marketing agreement alone will not be sufficient unless it were to extend to 100 per centtof the industry. Therefore it is recognized that the provisions of such an agreement must be extended to everyone within the industry or anyone who contemplates coming into it and this can only be done under orders, and in this section the contracting handler indicates that he does approve of such orders and asks that the Secretary issue such orders and that he will accept them.

It is recognized that there may be others, of course, in the industry who do not sign the marketing agreement, who will be placed under the corresponding orders. It is our understanding that such orders when issued will be substantially the same as the marketing agreement, with the exception, of course, that it does apply to all handlers, whether contracting handlers or not.

PRESIDING OFFICER GIFFORD: Is there any further discussion of this article?

MR. BANKALOW: Mr. Speh.

MR. SPEH: Yes, sir.

MR. BANKALOW: Do you believe there would be objection if in the last line there was added after the words "naval stores" the word "substantially", for the reason that it is often necessary in the order to slightly change the wording, and sometimes the provision -- for example, the provision with respect to amendments is somewhat complete in article V of the agreement, whereas in the order it is a simple statement that amend-

ments may from time to time be proposed. Due to the fact that the law provides how that is to be amended, hence there is no way to set up there, to show how it can be amended, but of course, it is substantially the same as the agreement.

MR. SPEH: We thought that when it says "in the same manner", that manner not being as definite as, you might say, not exactly in the same phrase or same words, that the manner would allow a certain amount of diversion from the exact phraseology.

MR. BARYALOW: It is clear to you t at is what those words mean?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is there anything further on that article?

(No response.)

PRESIDING OFFICER GIFFORD: If not, Article XV, Loans.

MR. SPEH: We offer as a suggestion, in order to complete that section, that it read, "shall not be in excess of a fair exchange value as defined by the Agricultural Adjustment Act, as amended."

This is to comply with the requirements of the Act that any loan obtained from the Reconstruction Finance Corporation shall not be in excess of the amount set forth in an agreement, and if we put in there any amount at all naturally the operator would put in a higher amount. We always hopes for parity or as near parity as possible, and if you were, for instance, to say "shall not be in excess of $76 per unit", it does not mean anything because it does not require that it be $76 per unit, so that we have merely tried to comply with the provision of the law and at the same time avoid a definite dollar statement.

MR. AYCOCK: Will you read the amendment again, please, Mr. Speh.

MR. SPEH: "Shall not be in excess of a fair exchange.value as defined by the Agricultural Adjustment Act as amended".

That fair exchange value --

MR. AYCOCK: That means parity?

MR. SPEH: Well, the Act, as amended, avoids that particular reference to parity in the old term. It takes other things into consideration.

PRESIDING OFFICER GIFFORD: This amendment will be identified as Exhibit No. 29 and made a part of the record.

(The proposed amendment to Article XV, Section 1, submitted by Mr. Speh, was marked "Exhibit No. 29" and is attached to this record.)

MR. BARKALOW: Mr. Speh, to what section of the act do you refer? You say "as defined in the Act".

MR. SPEH: It is on page 16, if I can trace it back far enough to see what section it would be.

MR. BARKALOW: That is the section which provides for loans?

MR. SPEH: Section 8 (b) which reads, "for the purpose of carrying out any such agreement the parties thereto shall be eligible for loans from the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act. Such loans shall not be in excess of such amounts as may be authorized by amendments".

MR. BARKALOW: My question was, where is fair exchange value defined in the Act? There is reference to it --

MR. SPEH: On page 7, "whenever the Secretary has reason to believe that the current average farm price for any basic agricultural commodity is less than the fair exchange value thereof."

MR. BARKALOW: Do you consider that to be a definition of the term "fair exchange value"? Do you have in mind the clause of the declaration of policy?

MR. SPEH: I was looking --

MR. BANKALOW: Section 2 on the first page, and over to page 2.

MR. SPAH: Yes, sir, that is what I was trying to tie in.

MR. BANKALOW: To the effect --

MR. SPAH: But I see no reference in that to the fair exchange value.

MR. BANKALOW: That will give commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power in the base period.

MR. SPAH: That is what I interpret to be meant by the fair exchange value. Possibly there is no other reference to it, and therefore it must be assumed that Congress, that that is what they meant by "fair exchange value."

MR. BANKALOW: What is your conception of "fair exchange value"?

MR. SPAH: My conception would be that as contained in this declaration of policy as given in Section 2 of the Act, that is, a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

MR. BANKALOW: To apply that to naval stores what would be your conception of fair exchange value for naval stores?

MR. SPAH: That would be that a unit of naval stores should bring a market, a price which would permit the handler -- the processor to buy the same number of units of other commodities that he bought during the base period with one unit of naval stores.

MR. BANKALOW: Then what you mean in short is, that it shall not be in excess of the parity price.

MR. SPAH: With the exception that the old reference to parity prices has been expanded to include other items here, such as interest, tax payments, etc. I believe that is the reason they have practically discarded

the parity price idea and instead refer to the exchange value.

PRESIDING OFFICER GIFFORD: If there is nothing further on that, we will pass to Article XVI, in reference to signatures.

MR. SPEH: This is the usual form, I believe, in providing the place for signature and sets up the requirements under which the parties may sign.

PRESIDING OFFICER GIFFORD: Is there anything further on that article?

(No response.)

PRESIDING OFFICER GIFFORD: Mr. Boykin has written a letter to the Secretary, Secretary Wallace, and also a letter to the Control Committee which he desires read into the record as a part of his evidence, is that right?

MR. BOYKIN: Those are copies of letters, Mr. Chairman, that were written a year ago, more than a year ago, and I thought they might clarify my testimony.

PRESIDING OFFICER GIFFORD: In order to clarify his testimony this afternoon, they will be ordered copies into the record.

(The letters above referred to and ordered copies into the record, are in words and figures as follows to wit:)

"Waynesboro, Miss.,

December 4th, 1934.

"Hon. Henry A. Wallace,

"Dear Mr. Wallace:

"It is a fact, well known in this section of the country, that we did not favor the original Marketing Agreement and that it was only after we understood that the Secretary of Agriculture would approve the agreement and that unless we became a party to the agreement that we would not be

allowed to market our products. IE gum turpentine and gum rosin. Then it was that we attached our signature.

"Since the marketing agreement came into being and we have had an opportunity of observing the conditions surrounding the application of the agreement we are of the opinion that control production is of inestimable value to the industry as a whole at the present time and it is our further opinion that some measure of control must be exercised for several years to come.

"Feeling as we do the necessity of continued control production in the turpentine and rosin industry we desire to assist if we possibly can the several agencies that make up the machinery which operates the Control Agreement for our industry, in arriving at some basis of allotment of allocation of units to be manufactured and marketed for next and succeeding years that would be more fair and more equitable to the great majority of processors now engaged in the business, than the present method of allotment as contained in the original Marketing Agreement in the shape of the/ four year average; and for the reasons just stated we wish to endorse the suggested amendments to basis of allotment contained in proposed Marketing Agreement and proposed amended License for processors of gum turpentine and gum rosin as contained in Docket No. Ma-250 L-28 pages 35 to 38 inc.

"At this time we do not know of any fairer basis of allotment that could possibly be put into effect than is contained in the proposed amendments, and we further feel that if these amendments be adopted that it will tend to cure many cases of any inequality now existing under the original marketing agreement.

"The effect of the four year average as contained in the original agreement is to reduce from year to year these allotments or allocations

wherein the processor has already received a serious curtailment in his activities, on the other hand some processors who have received distinctive advantages under the four year average will continue to receive additional increases from year to year, or as the Marketing Agreement continues, this to our mind is so subversive of true Americans as business principles that fact alone should bring about some needed changes.

"Allow us to say that we would not be benefited to any great extent by the suggested change in the method of allotment and that we have not been seriously crippled in our operations under the four year average but that we see every day the result of the four year average and recognize the inequalities therein.

"The small gum seller suffered undue hardship in many instances in 1934 and we would subscribe to some amendment that would allow an exemption of from three to five barrels a month to this gum seller and an exemption of 50 units per year to all processors provided, of course, that the amount so exempted had been produced or processed during the years 1933 or 1934 by the producer or processor receiving the exemption.

"We are prepared to furnish affidavits or additional data covering the situation as outlined above and shall gladly do so upon request.

"Very truly,

Boykin and Son.

By. T. S. Boykin.

"State of Mississippi

Wayne County

"Personally appeared before me the undersigned authority in and for said county and state one T. S. Boykin in and for the firm of Boykin and Son who upon oath he states that he signed sealed and delivered the fore-

going instrument for the purpose therein stated."

"Waynesboro, Mississippi,

"August 27, 1934.

"To the Control Committee,

For Gum Turpentine and Gum Rosin Producers,

Jacksonville, Florida.

Mr. C. L. McCarthy,

Chairman Valdosta Committee,

White Oak Georgia.

Mr. McIntosh

Chairman Factors Committee,

Savannah, Georgia.

Gentlemen:

"Inasmuch as the four year plan contained in the marketing agreement has worked undue hardship on number of processors by seriously curtailing their 1934 production, and diversely, has allowed other processors substantial increase in their 1934 production, over their 1933 production, I believe that the fairest plan that could be evolved is preparedness to produce of April 1st, 1934; but realizing the difficulties that would attend arriving at a definite figure of such preparedness, I am now of the opinion that the next fairest plan would be to use the production of 1933 and allotment for 1934 as a basis for allocation for 1935.

"Setting aside 3 per cent of the total crop to be desired for new processors of 1935 and 3 per cent of same crop to aid distress cases and so-called new processors of 1934.

"If the average arrived at should leave any old processor with an allotment less than 75 per cent of his 1933 production, this, in my opinion,

should be classed as a distress case, and a sufficient amount of units should be deducted from the 3 per cent set aside for such distress cases and added to such processors allotment to allow him a 1935 allotment of at least 75 per cent of his 1933 production.

"The socalled new processor of 1934 should receive at least 75 per cent of their 'ability' to produce as of April 1st, 1934. (Although I realize that ability to produce is not looked with favor by any great number of those with whom I have been associated with in this work, yet I know of no way to arrive at anything like a fair basis for the 1934 new producer without using such ability or as I would term it, preparedness to produce as of April 1st, 1934.)

"In order that the inequalities now existing under the marketing agreement caused by the use of the four year average, that the Control Committee allow such units as have been manufactured or will be during 1934 over and above the allotments given for 1934, to move to government storage under certificates furnished by the Control Committee at the same price that tags are now furnished per unit, and that this surplusage of the Control Committee, or in liew thereof, the Secretary of Agriculture, to shorten this period of time. (My intention in suggesting this clause is to cure hardships now being suffered by many processors and small gum producers.)

"Within the averages for the years 1933 and 1934 shall have been gotten together then the Control Committee shall use a percentage of reduction in each old processors 1935 allotment, that would in their discretion reduce the 1935 crop to the figure desired, and, that no processor shall receive an increase over and above his two year average, but that all old processors be subjected to and receive the same percentage of reduction.

"Yours very truly,

(Signed) T. S. Boykin."

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PRESIDING OFFICER CIFFORD: Is there anything else under the proposed marketing agreement?

PRESIDING OFFICER CIFFORD: We have some telegrams which Mr. Ward will read into the record.

MR. WARD: I have a number of telegrams here that I will just read in the record. I feel that these telegrams which have been received today should be included in the record.

"ANDALUSIA, ALA.,

Carson Naval Stores,

Care C. F. Speh, Jacksonville, Fla.

"The Naval Stores Industry is standing on solid foundation. Now we have experienced sad failure of artificial price fixing. Please lets don't try another one We and majority of producers of this section opposed any form of agreement We think it against future welfare of industry.

Charles Dixon & Co. Dixon Industries Inc."

"Pensacola, Fla.

Judge Glenn J. Gifford,

Care Turpentine Meeting Mayflower Hotel

Jacksonville, Fla.

"I regret that engagements made previously necessitated my being in Tallahassee Friday and I had to leave your meeting after Thursdays session.

"Should the government not loan on Nineteen Thirty Six crop turpentin and rosin I sincerely believe there will not be a surplus produced because of the size of the timber being worked The price asked for new timber and the scarcity of timber Also the peak of the crop from second growth timber has been reached in Georgia.

dlb

"In my opinion four fifty or four sixty thousand barrels turpentine for nineteen thirty six is not a surplus in view of the many thousands of people who are dependent upon the industry for a livelihood. I would like to stress the importance of the operators themselves cooperating with the government in caring for the stocks now on hand which are depreciating.

"Here's hoping for the best for the little man.

"J. G. Pace."

YOUNGSTOWN, FLA. Nov. 4, 1935.

CHAIRMAN HEARING COMMITTEE,

GUM TURPENTINE AND GUM ROSIN,

Mayflower Hotel, Jacksonville, FLA.

"We are very much in favor and feel we must have some form of crop control.

Youngstown Naval Stores Co., Inc."

PALATKA, FLA., Nov. 4, 1935.

Judge Glen J. Gifford,

Mayflower Hotel, Jacksonville, Fla.

"We respectfully request that administration submit some form of marketing agreement to all processors for their approval.

"J. T. Miller Turpentine Co. By
J. T. Miller, Pres."

GAINER, FLA. Nov. 4, 1935.

CHAIRMAN HEARING COMMITTEE

Gum Turpentine and Gum Rosin,

Mayflower Hotel, Jacksonville, Fla.

"We are very much in favor and feel we must have some form of crop control.

"Register and Davis A. E. Register."

"ST. AUGUSTINE, FLA., Nov. 4, 1935.

J. G. GIFFORD, PRESIDING OFFICER,

Mayflower Hotel, Jacksonville, Fla.

"Suggest that any marketing agreement adopted should provide that all cleaned or uncleaned gum turpentine produced by and all cleaned or uncleaned gum turpentine purchased by any licensed processor must be distilled into turpentine and rosin at the place of such processors manufacture before same can be reentered in transportation.

"KEMP & MELDRIM By J. W. Meldrim."

"BELFAY, FLA., Nov. 4, 1935.

CHAIRMAN OF HEARING COMMITTEE,

Gum Turpentine and Rosin Committee,

Mayflower Hotel, Jacksonville, Fla.

"I realize fully the importance of some kind of crop control and urge your action in behalf of same.

FLOYD E. GRIFFITH."

"YOUNG TOWN, FLA., Nov. 4, 1935.

CHAIRMAN HEARING COMMITTEE,

"Gum Turpentine and Gum Rosin,

Mayflower,Hotel, Jacksonville, Fla.

"I am very much in favor and feel we must have some form of crop control.

"GEORGE S. WALLER."

BAINBRIDGE, GA., Nov. 4, 1935.

"JUDGE GLENN J. GIFFORD

"Care Mayflower Hotel, Jacksonville, Fla.

"Respectfully request that administration submit some form of mar-

keting agreement to all processors for their approval.

"J. R. AND J. D. MILLER, INC."

"PENSACOLA, Fla., Nov. 4, 1935.

"CHAIRMAN OF HEARING,

"Gum Turpentine and Rosin Marketing Agreement,

"Mayflower Hotel, Jacksonville, Fla.

"We are very much in favor of the agreement realizing the need of crop control.

"MITCHELL NAVAL STORES CO."

"ST. AUGUSTINE, FLA., Nov. 4, 1935.

"G. J. GIFFORD, PRESIDING OFFICER,

"Mayflower Hotel, Jacksonville, Fla.

"We respectfully request that a marketing agreement be submitted to all processors for their approval or rejection.

"MELDRIM & WILLIAMS."

"ST. AUGUSTINE, FLA., Nov. 4, 1935.

"G. J. GIFFORD, PRESIDING OFFICER,

"Mayflower Hotel, Jacksonville, Fla.

"We favor and urge the adoption of an enforcible marketing agreement for gum turpentine and rosin and wood turpentine and wood rosin.

"KEMP & MELDRIM."

"WUR BRENTON, ALA., Nov. 4, 1935.

"NAVAL STORES HEARING COMMITTEE,

"Mayflower Hotel, Jacksonville, Fla.

"We are not in favor of the Naval Stores Marketing Agreement We favor only the part that limits the size of trees worked.

"T. R. MILLER MILL CO."

"OLUSTEE, FLA., Nov. 4, 1935.

"JUDGE GLEN J. GIFFORD

"Care Mayflower Hotel, Jacksonville, Fla.

"We earnestly request that administration submit some form of marketing agreement to all processors for their approval.

"HOWELL TURPENTINE CO."

"CENTURY, FLA., Nov. 4, 1935.

"NAVAL STORES HEARING COMMITTEE,

"Care Mayflower Hotel, Jacksonville, Fla.

"We favor Naval Stores production control through prescribing minimum diameter of trees to be turpentined and in this manner only.

"THE ALGIE SULLIVAN LUMBER CO.
"CONECUH NAVAL STORES CO.,
"ATMORE, ALA."

YOUNGSTOWN, FLA., Nov. 4, 1935.

"

"CHAIRMAN HEARING COMMITTEE

"Gum Turpentine and Gum Rosin

"Mayflower Hotel, Jacksonville, Fla.

"We are very much in favor and feel we must have some form of crop control.

"SANDY CREEK TURPENTINE CO, INC

"D. R. McBride, President."

"YOUNGSTOWN, FLA., Nov. 4, 1935.

"CHAIRMAN HEARING COMMITTEE,

"Gum Turpentine and Gum Rosin,

"Mayflower Hotel, Jacksonville, Fla.

"I am very much in favor and feel we must have some form of crop control.

"C. B. WALLER."

PRESIDING OFFICER GIFFORD: These telegrams will be copied in the record.

Is there any further evidence from any one on the proposed marketing agreement?

(No response.)

PRESIDING OFFICER GIFFORD: Now, in the latter part of this pamphlet is the proposed order, beginning on page 22, As has been stated by Mr. Barkalow, the provisions of the marketing agreement, the substance of the provisions of it, have been carried into the order.

The marketing agreement being a contract between the people defined in the marketing agreement as it affects them and the Secretary, and the proposed order being an order from the Secretary to all parties in the industry affected by it, therefore it has been necessary to change the verbiage of matter in some respects, but the general substance and principle of everything in the proposed order has been taken from the proposed marketing agreement. However, in checking over, if there is any one who desires to discuss any provision of the proposed order in addition to the evidence that has already been given, we will be glad to have you do so at this time.

(No response.)

PRESIDING OFFICER GIFFORD: Mr. Speh.

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: You have read the proposed order?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: Is that right?

MR. SPEH: Yes, sir.

PRESIDING OFFICER GIFFORD: And do you see anything in the proposed order, carried into it the provisions that would affect it, from the pro-

posed marketing agreement, anything that should be altered or changed in anyway in the proposed form, except to comply with amendments and changes that have been suggested with reference to the proposed marketing agreement?

MR. SPEH: Nothing beyond the fact that we noted that the so-called conservation feature is in the marketing agreement but not the order, and we called attention to that the other day.

PRESIDING OFFICER CLIFFORD: Anything in addition to that?

MR. SPEH: Nothing that I can recall, no, sir.

PRESIDING OFFICER CLIFFORD: Do you see any reason or any place in here where the evidence affecting the provisions of the proposed marketing agreement would not be applicable to the various provisions in the proposed order?

MR. SPEH: No, sir.

PRESIDING OFFICER CLIFFORD: Is there any further evidence upon any subject in either the proposed marketing agreement or proposed order that any one else would like to submit?

MR. SPEH: It has been suggested -- might I ask that this be off the record for the time being?

PRESIDING OFFICER CLIFFORD: Yes, it will be off the record until we determine how the matter is to be presented.

(There was a discussion off the record.)

PRESIDING OFFICER CLIFFORD: This record for the taking of oral evidence will be closed.

The record, however, will be kept open for a period of ten days, that is, until the close of business on November 14, 1935, within which time you may file briefs.

Briefs should be typewritten or printed in some form, and we prefer that they be on letterhead size paper. You should file four copies, and each

copy should be subscribed and sworn to. When they are prepared in this manner they should be mailed to the Hearing Clerk, Department of Agriculture, Room 4725 South Building, Washington, D. C.

Please remember that they must be printed in some form, that they must be in four copies, each copy subscribed and sworn to, and they must be mailed, be in the mail before the close of business of November 14, 1935.

If there is nothing further, we will stand adjourned.

(Thereupon, at 11:05 o'clock p. m., November 4, 1935, the hearing was closed.)

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ARTICLE IV - Section 2, Line 6 - Amend to read "Such tags shall bear a number identifying the contracting processor-handler to whom issued and/or a serial number.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 6

Offered by /s/ Mr. Speh

Date /s/ Nov. 2, 1935

Reporter /s/ M. C. Mixon

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ARTICLE IV - Section 2, Paragraph 4, Line 1 - Amend to read "During each calendar year ---".

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 7

Offered by /s/ Mr. Speh

Date /s/ Nov. 2, 1935

Reporter /s/ M. C. Mixon

ARTICLE IV - Section 2, Paragraph 5 - Amend to read "shall supply upon application to the Control Committee each contracting processor handler a number of tags ---."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 8

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

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ARTICLE IV - Section 2, Paragraph 5, Sub-paragraph 2, Line 1 - Amend to read "For each calendar year following ---."

U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 9

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935.

Reporter /s/ Mixon

ARTICLE IV - Section 2, Paragraph 7, Page 14 - Amend last sentence to read "All sums received pursuant to the provisions of this Agreement shall be used by the Control Committee for the purpose, and subject to the limitations, set forth in this Agreement ---".

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 10

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

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ARTICLE IV - Section 2, Paragraph 8, Line 3 - Amend to read "---during the preceding calendar year, ----."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 11

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

ARTICLE IV - Section 4, Paragraph 1 - Amend to read "No contracting processor handler shall market a volume of gum naval stores in excess of his allotment, which shall be fixed for him by the Secretary in the manner provided in this section."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing ../s/..Naval Stores Exhibit No...12...

Offered by ../s/...Mr. Speh.....

Date.../s/...Nov. 4, 1935.....

Reporter...../s/...Mixon.....

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ARTICLE IV - Section 4, Paragraph 6 (d) - Amend to read "will permit each contracting old processor participating in a secondary allotment."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing ../s/..Naval Stores Exhibit No...13.

Offered by..../s/..Mr. Speh.....

Date ../s/..Nov. 4, 1935.....

Reporter ...../s/..Mixon.....

ARTICLE IV - Section 4, Paragraph 7, Line 4 - Amend to read "the final allotment of each applicant for the calendar year next ---."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing ../s/..Naval Stores Exhibit No. 14.

Offered by...../s/...Mr. Speh.....

Date..../s/..Nov. 4, 1935.....

Reporter .../s/..Mixon.....

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ARTICLE IV - Section 4, Paragraph 8 (a) - Amend to read "The marketable percentage for primary allotments to new processors shall be determined by the relation of the total number of units set aside for allotment for new processors pursuant to paragraph 6 (a) of this section to the number of units represented by the approved applications from all such applicants; ----."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing./s/.Naval Stores...Exhibit No...15..

Offered by../s/...Mr. Speh.....

Date..../s/..Nov. 4, 1935.....

Reporter...../s/..Mixon.....

ARTICLE IV - Section 4, Sub-paragraph 8 (b) - Amend to read "The marketable percentage of secondary allotments to new processors shall be determined by the relation of the total number of units set aside for allotment to new processors pursuant to Paragraph 6 (b) of this section to the combined number of units of the approved applications from all such applicants; ---."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 16

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ Mixon

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ARTICLE IV - Section 4 - Add as paragraph 10. If at any time during the year a contracting processor-handler shall find that for any reason he will not market the full amount of his allotment he shall report this fact to the Control Committee promptly and shall return to the Control Committee any surplus tags that may have been issued to him. Any quantity so returned shall be added to the amount set aside as an equalization supply. In all cases where a contracting processor-handler shall comply with the requirements of this provision the fact t at he did not market his full allotment for a given year shall not effect his base figure for the following year. In the event any contracting processor-handler shall fail to return promptly any surplus tags as provided in this section the Control Committee may, after notice and opportunity for hearing recommend that the Secretary reduce the base figure of such contracting processor-handler to the amount actually marketed by him.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 17

Offered by /s/ Mr. Spah

Date /s/ Nov. 4, 1935

Reporter /s/ Mixon

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by him.

ARTICLE IV - Section 4, Add as Paragraph 11 - Any person processing in more than one location shall be given separate allotments for each location. Tags issued to an applicant or to a subsidiary or affiliate of an applicant for one location may be exchanged through the Control Committee for tags for other locations operated by such applicant, subsidiary or affiliate in determining the ability of an applicant to produce the combined ability of all affiliated interests may be considered.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 18

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ Mixon

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ARTICLE IV - Section 4 - Add as Paragraph 12 - Where a contracting processor handler sells lease or otherwise disposes of the ownership or control of part or of all his timber land or lease upon the basis of which an allotment has been made to him a proportionate share of his allotment shall accompany such transfer; Provided, however, That the processor or leasee shall establish to the satisfaction of the Secretary his ability to fulfill the amount of the allotment accompanying such transfer.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores... Exhibit No. 19

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ Mixon

ARTICLE IX - Section 4. And be it enacted [illegible] - any person [illegible]
more than one location shall be given necessary assistance
for such location. This [illegible] to be applicant on [illegible]
subsidiary or affiliate of an applicant for one location
may be [illegible] within [illegible] [illegible]
[illegible] other location controlled by such applicant, subsidiary
or affiliate in determining the ability of an applicant to
produce the combined ability of all affiliated interests
[illegible] be considered.

ARTICLE IX - Section 5. [illegible] - [illegible] [illegible]
[illegible] with [illegible] [illegible] [illegible]
control of [illegible] or of all its stock [illegible] [illegible]
basis of which an allotment [illegible] [illegible]
[illegible], That the provisions [illegible] [illegible]
[illegible] of the allotted [illegible] [illegible]
owners of the allotted [illegible] [illegible].

ARTICLE IV - Section 5, Paragraph 1 - Method of Allotment of Wood Naval Stores - Amend to read "n contracting handler receiving an allotment of wood naval stores shall market a volume of wood naval stores in excess of his allotment which shall be fixed for him by the Secretary, in the manner provided in this section. No contracting handler shall handle any wood naval stores which are in excess of such allotment and do not bear a tag, mark or other evidence to show that allotment requirements have been complied with.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 20.
Offered by /s/ Mr. Speh
Date /s/ Nov. 4, 1935
Reporter /s/ Mixon

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ARTICLE IV - Section 5, Paragraph 2 Now Paragraph 1 - Amend to read "the Secretary shall determine the quantity of wood naval stores marketed by each handler during the calendar year 1934.

ARTICLE IV - Section 5 - Change the numbers of paragraphs 2, 3, 4, 5 and 6. to 3, 4, 5, 6 and 7, respectively.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit NO. 21
Offered by /s/ Mr. Speh
Date /s/ Nov. 4, 1935
Reporter /s/ Mixon

Section 4 - Method of Allotment - Processors who process naval stores from leased timber or lands owned in fee simple and are equipped with a complete still, houses and all that is necessary to do a bona fide operating business, and who processed in 1935 200 units or less, shall not be compelled to accept lower allotments, and if they processed less than 200 units they shall not be prevented from increasing their productions to 200 units if they have or can procure the timber.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit NO. 22

Offered by /s/ Mr. Weibert

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

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ARTICLE II, Section 1, Paragraph 9 - Strike and substitute "Members of the Control Committee shall be entitled to expenses necessarily incurred in the performance of duties hereunder and inaddition shall receive such compensation as the Secretary may determine.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 23

Offered by /s/ r. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

ARTICLE II, Section 3, - Add as paragraph 6 - to establish and/or foster any agency for the purpose of securing for the naval stores industry effective advertising and research. The expenses of such advertising and research shall be defrayed from funds collected pursuant to any provision of this agreement.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 24

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

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ARTICLE II, Section 3, Paragraph 7 - Insert to make such expenditures as may be necessary to carry out the provisions of this Agreement."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 25

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

Dexter may exercise for the purpose of securing for the
Local Center Banking Authority irrevocably and exclusive,
the option at such time or times as may be
satisfactory to the Local Center Banking Authority, to
purchase all or any portion of the Property described in
Exhibit A hereto, at the price and upon the terms and
conditions hereinafter set forth.

2. Term of Option. This option shall be exercisable
during the period beginning on the date hereof and ending
at 5:00 o'clock p.m. on December 31, 1978.

3. Method of Exercising Option. This option may be
exercised during the term hereof by the delivery to Dexter
of written notice of such exercise prior to the expiration
of the term hereof.

ARTICLE II - Section 5, Paragraph 1 - Strike word "may" and substitute "shall" so as to read "The Secretary shall require ----."

U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 26

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935

Reporter /s/ M. C. Mixon

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ARTICLE VI, Section 2, Paragraph 1 - Line 2 - Amend by changing required notice from one (1) to seven (7) days.

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 28

Offered by /s/ Mr. Speh

Date /s/ Nov. 4, 1935.

REporter /s/ M. C. Mixon

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ARTICLE XV - Section 1, Last Line - Amend to read "Shall not be in excess of a fair exchange value as defined by the Agricultural Adjustment Act as amdnded."

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing /s/ Naval Stores Exhibit No. 29

Offered by Mr. Speh

Date /s/ Nov. 4, 1935.

Reporter /s/ M. C. Mixon

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FLORIDA FORM

$..... JACKSONVILLE, FLORIDA.....193..

On....., 193...., after date, the undersigned jointly and severally promise

to pay to the order of [illegible] & MILLS FACTORS, INC.

(EX 3)

.....DOLLARS,

at the office of Carpenter & Mills Factors, Inc., at Jacksonville, Florida, for value received, with interest from date until paid at the rate of eight per cent. per annum, said interest being payable semi-annually on the 31st day of May and the 30th day of November, respectively, hereafter until paid, both principal and interest being payable in United States Gold Coin of the present standard of weight and fineness or its equivalent.

Now, shall it become necessary to collect this note through an attorney, each of us, whether maker, security or endorser on this note, hereby agrees to pay all costs of such collecting, including reasonable attorney's fees.

Present est, protest, notice of dishonor and notice of protest are waived by each and every endorser.

.....(SEAL)

.....(SEAL)

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

FARM NO.(Serial letters)... REQUEST NO. (3).....

STATE NO.(Arb. Grades)...

DATE (NOV. 1, 1935.

COUNTY (Name).....

THIS INDENTURE, Executed this.....day of.....,A.D. 19....

by and between.....

.....

.....

hereinafter called the Mortgagor...., which term shall include the heirs, legal representatives, successors and assigns of the Mortgagor..wherever the context so requires or admits, and TURPANTINE & ROSIN FACTORS, INC., a corporation under the laws of the State of Delaware, authorized to do business in the State of Florida, and having its principal place of business in the City of Jacksonville, Florida, hereinafter called the Mortagee, which term shall include its successors and assigns wherever the context so requires or admits.

WITNESSETH: That whereas the Mortgagor...., being now indebted to the Mortgagee, and an agreement, mutually advantageous, has this day been concluded between the parties hereto, whereby the Mortgagee is to act as factor for, and has made and may make additonal advances to, the Mortgagor.... for the purpose of enabling the Mortgagor.... to conduct the business of farming, producing and processing naval stores, such advances to be made from time to time, at such periods and in such amounts and during such length of time, for a year or for a term of years, as may be necessary by reason of the nature and condition of said business, but only at the option of the Mortgagee, the indebtedness secured hereby being evidenced by the promissory notes of the Mortgagor.... bearing even date hereof, hereinafter described, and made in favor of the Mortgagee, in the respective amounts and maturing as particularly set forth hereinafter, and also renewals or extensions thereof, in whole or in part, made from time to time, and also by book account kept by the Mortgagee;

NOW THEREFORE, for and in consideration of the premises, and for divers good and valuable considerations, and also for the purpose of securing equally and without preference the payment of the following described notes, to-wit:

One note for $.....due.....19.....

One note for $.....due.....19.....

One note for $.....due.....19.....

One note for $.....due.....19.....

One note for $.....due.....19.....

One note for $.....due.....19.....

One note for $.....due.....19.....

One note for $.....due.....19.....

said notes made in favor of the Mortgagee, of even date hereof, and

aggregating the principal sum of.....

.....Dollars, and each bearing interest from date until paid at the rate of eight per centum per annum, said interest being payable semi-annually on the 31st day of May and 30th day of November of each year, both principal and interest being payable at the office of the Mortgagee at Jacksonville, Florida, and for the purpose of equally securing the payment of any and all loans and additional advances that may be made by the Mortgagee to the Mortgagor...., and any and all indebtedness, obligations and demands, whether now existing or hereafter arising or accruing, and however evidenced, with interest thereon from date made or incurred at the rate of eight per centum per annum until paid, payable semi-annually as aforesaid, and until all and singular the covenants and stipulations of this indenture shall have been fully performed, and all obligations secured hereby fully paid, the Mortgagor....ha.....granted, bargained, sold, aliened, remised, released, conveyed, confirmed, transferred, assigned and set over, and do..... hereby give, grant, bargain, sell, alien, remise, release, convey, confirm, transfer, assign and set over unto the Mortgagee, its successors and assigns, all the following described real estate, and also all of the following described leases, licenses, rights and contracts to cut, cup, drip, work, scrape, dip, fell or log pine and other trees for turpentine, naval stores, timber, lumber, sawmill, cross-ties or other purposes, and all the estate, right, title and interest of the Mortgagor.... therein, each and every, and in the lands, trees and timber therein described, leased or referred to, and also all of the following described personal property situate and being as hereinafter particularly set forth. Said real estate situate, lying and being in the Count.....of.....

.....,State of Florida, to-wit:

TOGETHER with all and singular the rents, issues, income, profits, improvements, buildings, rights, members, tenements, hereditaments, appurtenances, easements and privileges to the same or any of them in anywise appertaining or belonging, and all the estate, right, title, interest, claim, demand, property and possession of the Mortgagor...., and each of them, of, in and to the same and every part and parcel thereof, and any and all lands, estates and interests therein, equitable and legal, and timber and turpentine rights, which shall hereafter be purchased, acquired or leased by the Mortgagor...., or any of them, in connection with their said business, whether by deed, contract, lease or otherwise, for the purpose of producing, farming or manufacturing naval stores, logging, sawmilling, or otherwise, and also all of their interest in the growing timber and the cups, gutters and aprons placed on, or hereafter placed on, such timber or any part thereof, and all the crude gum, dip and scrape that may accrue or be taken or gathered from or produced by the trees upon said above described lands, or any other lands now or hereafter owned, held, leased or controlled by the Mortgagor...., and all the rosin and spirits of turpentine, whether in process of manufacture, at the still, in transit or elsewhere, and also all dross and other products and by-products made from said gum, dip and scrape, or from any of said trees or timber; and also all stills, pumps, boilers, engines, cups gutters, machinery, barrels, staves, hoop-iron, dip-barrels, blacksmith's and cooper's tools, horses, mules, harness, wagons, automobiles, motor or other trucks, houses, shanties, and other personal property of every

kind whatsoever, used upon or in connection with, and all products and by-products produced, made, raised or acquired with or upon, the naval stores business, plant, agricultural farms, or otherwise, of the Mortgagor..... on the lands and/or timber conveyed by or subject to this mortgage.

The description or enumeration of property herein contained is not intended to be restrictive or to exclude any property not specifically described herein, but it is the intention of the parties that this instrument shall cover and include, in addition to the property particularly described herein, all lands, timber, leaseholds and other estates, rights and interests in land for the purpose of working the same for naval stores, logging and/or sawmilling purposes or otherwise, and also all buildings, plants, machinery, equipment, tools, supplies and all personal property of every kind whatsoever, and replacements thereof, owned, used, acquired or operated by the Mortgagor...., or any of them, at any time during the existence of this mortgage, for and in connection with the naval stores business of the Mortgagor...., conducted upon, with or in connection with any of the property herein described or referred to.

TO HAVE AND TO HOLD the same, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and also the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of said Mortgagor....in and to the same, and every part and parcel thereof, unto the said Mortgagee and its successors and assigns, in fee simple.

And the said Mortgagor...., for.....and..... heirs, legal representatives, successors and assigns, hereby covenant..... with the said Mortgagee, its successors and assigns, that the said Mortgagor.....indefeasibly seized of said land in fee simple, and..... the lawful owner.....of said personal property and leases for turpentine and naval stores purposes hereby assigned and mortgaged; that said Mortgagor .....ha.....full power and lawful right to convey same in fee simple as aforesaid; that it shall be lawful for the said Mortgagee, its successors and assigns, at all times peaceably and quietly to enter upon, hold, occupy and enjoy said land and every part thereof, and said personal property; that the same are free from all encumbrances, taxes and liens of whatever kind and nature soever; that the said Mortgagor....,..... heirs, legal representatives, successors and assigns, will make such further assurances to perfect the said fee simple title to the same in the said Mortgagee, its successors and assigns, as may be reasonably required; and that the said Mortgagor.....do.....hereby fully warrant the title to said land and every part thereof, and said personal property and leasehold estates, and will defend the same against the lawful claims of all persons whomsoever.

PROVIDED ALWAYS, That if the said Mortgagor....shall well and truly pay, or cause to be paid, unto the said Mortgagee, its successors and assigns, the said notes hereinabove described, with all renewals and/or extensions thereof, in whole or in part, according to the tenor and effect thereof, and all open accounts, advances, debts and obligations due or owing hereunder to the Mortgagee, whether the same be represented by

notes, book account or otherwise, with interest, and shall in every respect promptly and fully perform, discharge, execute, effect, complete, comply with and abide by each and every the stipulations, agreements, conditions and covenants of said notes referred to herein, and of this indenture, then this mortgage and the estate hereby created shall cease and be null and void; it being the intention of the parties to secure by this mortgage all the debts, obligations and demands at any time existing on the part of the Mortgagor....to the Mortgagee, its successors and assigns.

It is understood that each of the words "note" and "mortgagor," respectively, whether in the singular or plural, anywhere in this mortgage, shall be singular if only one, and shall be plural, jointly and severally, if more than one; and the word "their," if used anywhere in this mortgage, shall be taken to mean "his," "her" or "its" wherever the context so implies or admits.

And the said Mortgagors, for themselves and their heirs, legal representatives, successors and assigns, hereby, jointly and severally, covenant and agree to and with the said Mortgagee, its successors and assigns:

1. To pay all and singular the principal, interest and the various and sundry sums of money payable by virtue of said promissory notes and this mortgage, each and every, promptly on the days respectively the same severally become due, and to pay any and all balance or balances of open account as shown by the book account kept by the Mortgagee, promptly on the first day of each and every month, without demand.

2. To pay all and singular the taxes, assessments, levies, liabilities, obligations and encumbrances of every kind and nature now on said property, and/ or that hereafter may be imposed, suffered, placed, levied or assessed thereon, and / or that hereafter may be levied or assessed upon this mortgage and/ or the indebtedness secured hereby, each and every, when due and payable according to law before they become delinquent and before any interest attaches or any penalty is incurred; and in the event that any is not so paid, satisfied and discharged, said Mortgagee attaches may at any time pay the same or any part thereof without waiving or effecting any option, lien equity or right under or by virtue of this mortgage, and the full amount of each and every such payment shall be immediately due and payable and shall bear interest from date thereof until paid at the rate of eight per centum per annum, payable semi-annually as aforesaid, and together with such interest shall be secured by the lien of this mortgage.

3. To place and continuously keep on all buildings and turpentine still or stills now or hereafter situate on said lands, fire insurance in the usual standard policy form, in a sum not less that the full insurable value of said property, in such company or companies as may be approved by said Mortgagee; and all fire insurance policies on any of said buildings and stills shall contain the usual standard mortgagee clause, making the loss under said policies, each and every, payable to the Mortgagee as its interest may appear; and there shall be no fire insurance placed on any of said buildings and stills unless in the form and with the loss payable as aforesaid; and in the event any sum of money becomes payable under such

policy or policies, said Mortgagee shall have the option to receive and apply the same on account of the indebtedness secured hereby, or to permit said Mortgagors to receive and use it, or any part thereof, for other purposes, without thereby waiving or impairing any equity, lien or right under or by virtue of this mortgage; and in the event said Mortgagors shall fail to keep said buildings so insured, or in any respect fail to perform, abide by and comply with this covenant, said Mortgagee may place and pay for such insurance, or any part thereof, without waiving or effecting any option, lien, equity or right under or by virtue of this mortgage, and the full amount of each and every such payment shall be immediately due and payable and bear interest thereon from date thereof until paid at the rate of eight per centum per annum, payable semi-annually as aforesaid, and together with such interest shall be secured by the lien of this mortgage.

4. To permit, commit or suffer no waste, impairment or deterioration of said property, or any part thereof. It is understood that the chipping and working of the trees on said lands for turpentine and naval stores purposes shall not be construed as waste, but to cut fell and remove the trees on said lands for sawmill or cross-tie purposes, without the consent of the Mortgagee, shall be construed as waste, impairment and deterioration, and shall be deemed and considered an event of default hereof.

5. That the Mortgagors, in consideration of the premises and of the sum of One Dollar, and as additional security, shall deliver, or ship and consign, to the Mortgagee, at Jacksonville, Florida, or such other place or places as the Mortgagee shall designate, as fast as processed or produced, all the spirits of turpentine and rosin, and all batting dross and other products that the Mortgagors may process, produce, manufacture, own or control, from out of, with or upon each and every part of the lands and timber hereinabove described or referred to, and any and all lands and timber hereafter acquired, owned, held or leased by the Mortgagors during the continuance of this mortgage and contract, until the indebtedness hereby secured has been fully paid and discharged and all the covenants of this instrument fully performed, for sale, for the account and risk of the Mortgagors; and upon all such sales so made the Mortgagee shall deduct commissions usual and customary for naval stores factors to charge and deduct for the sale of naval stores, and the Mortgagee may and shall have the right at its option to credit the amount realized from any sale or sales so made to any indebtedness owing by the Mortgagors to the Mortgagee, whether evidenced by notes, open account or otherwise, and whether then due or not; and in the event of failure of the Mortgagors to consign and ship said spirits of turpentine, rosin batting dross and other products, or any part thereof, processed or manufactured, to the Mortgagee as herein contracted, whether such failure be voluntary or resulting from detention or seizure under process of law or other causes, then and in such event this contract shall, at the option of the Mortgagee, its successors and assigns, be deemed broken and violated in all its parts, and all debts, obligations or demands herein mentioned and secured shall become due and payable forthwith or thereafter at the option of the Mortgagee; and the Mortgagors agree to pay to the Mortgagee its successors or assigns as liquidated and stipulated damages, but not as a penalty, the same commissions and charges as would have been received

by the Mortgagee had such shipments been made, and an additional sum equal to its then value for each cask of spirits of turpentine and for each barrel of rosin or batting dross so failed to be consigned and shipped; and should such spirits of turpentine and rosin or batting dross be shipped, sold or in any other manner disposed of during the continuance of this contract to any other factor or person than the Mortgagee, its successors or assigns, the title thereto shall thereby become immediately vested in said Mortgagee, its successors or assigns, with full power, right and authority to demand and take the same from the holder thereof as its property or recover same by law, and any factor or person to whom the same may be shipped, sold or disposed of, shall, at the option of the Mortgagee, account for same only to the Mortgagee for the proceeds thereof, to be applied at the Mortgagee's option to the credit, part payment or satisfaction of any open account or other indebtedness due or owing by the Mortgagors to the Mortgagee, or upon said notes, renewals or extensions thereof.

6. That the Mortgagee is not bound to lend or advance to the Mortgagors more than the sum of the aggregate amount mentioned in the notes hereinabove described in any event to be owing at any one time, nor is it bound to renew or extend said notes, in whole or in part, but if the Mortgagee shall make other and further loans or advances to the Mortgagors at any time hereafter, or renew or extend said notes, or any of them, in whole or in part, then such loans and advances, renewals and/ or extensions, and all debts of the Mortgagors to the Mortgagee shall be secured by, and included in, this mortgage, whether in excess of such total amount above-mentioned or not, in every respect as fully as said above described notes, it being understood and agreed that when any payments are made on said notes, or any renewals or extensions are made, in whole or in part, or on open account, fresh advances may be made from time to time so as to make this contract continuous in its nature. That any and all lands, timber and turpentine rights and personal property which shall or may be acquired, purchased, held or leased by the Mortgagors, or any of them, at any time during the continuance hereof and until the full payment of this mortgage, for the purpose of producing and processing naval stores or otherwise, shall thereupon, whenever acquired, become subject to this mortgage and all of the terms, stipulations, covenants, agreements and conditions herein contained, and the Mortgagors will, at the option or request of the Mortgagee, execute any supplemental mortgage or additional instrument of any kind that may be convenient or requisite for the purpose of more specifically evidencing or describing all other or after acquired property of the Mortgagors hereby conveyed or agreed or intended to be conveyed; but the failure of the Mortgagee to demand or require any supplemental mortgage or additional instruments shall in nowise impair, divest, limit, restrict or effect the conveyance by this mortgage of all of such other and after acquired property, and this mortgage shall operate and be effectual as to such property as fully and completely as though such additional mortgages and instruments were executed hereunder. And the Mortgagors consent that the Mortgagee shall have a statutory lien on all crops made, and on all the products of every kind and nature of the naval stores farm operated by the Mortgagors.

7. That the Mortgagee shall have a lien, prior and superior to all others, upon any sums of money and credits due or to become due or

owing to the Mortgagee by the Mortgagors at any and all times, to secure, and with the right to apply the same towards the payment of, any indebtedness of the Mortgagors to the Mortgagee secured by this mortgage, whether due or to become due and however evidenced.

8. That the Mortgagee shall be subrogated to the lien or benefit of any other mortgage or lien upon any of the property included in this mortgage which has been or shall be paid, discharged or released by or with any loan or advances now or hereafter made by the Mortgagee to the Mortgagors to the extent of such loan or advance and interest thereon at the rate of eight per centum per annum, payable semi-annually as above set forth.

9. That the Mortgagors will continue to conduct and carry on until the debts and obligations hereby secured are fully paid, the naval stores, farming and processing plants and places now operated by the Mortgagors upon or in connection with the property herein mortgaged during the continuation hereof, and that the Mortgagors shall devote the necessary time thereto and shall conduct said business economically and in a business-like manner. And the Mortgagors agree to cup and work not less than .....crops of cup faces during the year 19....., exclusive of all second and third year cup faces and high cup faces, which are in number, to-wit:.....crops of cup faces, which are to be worked also while this contract is in force, such cup faces to be cut and cups installed not later than the.....day of ....., 19....., on the mortgaged premises and/or on timber acquired for such purposes.

10. That the Mortgagors will not, and do hereby divest themselves of the right to, make, create or give any further lien or encumbrance on any of the properties described herein, or any part thereof, (except as to any further conveyance, liens or encumbrances that may be given to the Mortgagee), or to convey, dispose of or sell same, for so long as said Mortgagors are indebted to said Mortgagee in any sum whatsoever, except upon the written consent of the Mortgagee first had and obtained.

11. To duly, promptly and fully perform, discharge, execute, effect, complete, comply with and abide by each and every the stipulations, agreements, conditions and covenants in said promissory notes and this mortgage deed set forth.

12. That in case suit shall be instituted to foreclose this mortgage, or to reform it and/or to enforce payment of any claims hereunder, said Mortgagee shall be entitled to apply to the court having jurisdiction of such foreclosure suit for the appointment of a receiver of all and singular the real estate and personal property subject to this mortgage, and the income, rents, issues and profits thereof, and it is further agreed that thereupon such court shall forthwith appoint a receiver of all such property with the usual powers and duties, including the power to operate such property and to carry on said naval stores business and to continue to process and produce naval stores, and to sequester the income, revenues, issues and profits of said mortgaged

property and business, which shall be applied by such receiver according to law and under the direction of said court, and such appointment shall be made by such court as an admitted equity and as a matter of strict right to the Mortgagee, and without reference to the adequacy or inadequacy of the value of the mortgaged property or the solvency or insolvency of the Mortgagors.

13. To pay all and singular the costs, charges and expenses, including reasonable lawyer's fees and costs of abstracts of title, incurred or paid at any time by said Mortgagee because and/or in the event of the failure on the part of said Mortgagors to duly, promptly and fully perform, discharge, execute, effect, complete, comply with and abide by each and every the stipulation, agreements, conditions and covenants of said promissory notes and this mortgage, and said costs, charges and expenses, each and every, shall be immediately due and payable, whether or not there be notice, demand, attempt to collect or suit pending; and the full amount of each and every such payment shall bear interest from the date thereof until paid at the date of eight per centum per annum, and all said costs, charges and expenses so incurred or paid, together with such interest, shall be secured by the lien of this mortgage.

14. That (a) in the event of any breach of this mortgage or default on the part of the Mortgagors, or (b) in the event any of said sums of money herein referred to be not promptly and fully paid forthwith when due and payable, without demand or notice, or (c) in the event each and every the stipulations, agreements, conditions and covenants of said promissory notes, or any renewals or extensions thereof, in whole or in part, or any open account, advances or other indebtedness or obligation, and this mortgage, any or either, are not duly, promptly and fully performed, discharged, executed, effected, completed, complied with and abided by; then, in either or any such event, the said aggregate sum mentioned in said promissory notes remaining unpaid, with interest accrued, and all moneys secured hereby, shall become due and payable forthwith, or thereafter, at the option of said Mortgagee, as fully and completely as if all of said sums of money were originally stipulated to be paid on such day, anything in said promissory notes and/or this mortgage to the contrary notwithstanding; and thereupon, or thereafter, at the option of said Mortgagee, without notice or demand, suit at law or in equity theretofore or thereafter begun may be prosecuted as if all moneys secured hereby had matured prior to its institution.

15. That the giving and acceptance of this mortgage shall not discharge, waive, effect or impair the terms, obligations, lien or effect of any other mortgage, shipping contract or security whatsoever held or owned by the Mortgagee upon the above described properties, or any part thereof, or the indebtedness thereby secured, or any other securities whatever, but it is the intention of the parties hereto that this mortgage shall, in the event of any other such mortgages, be supplemental and additional to all other mortgages, shipping contracts or securities held or owned by the Mortgagee on the above described property, or any part thereof, or any other securities whatever, and that it shall operate as and give additional security for the debts and demands therein specified, as well as for all indebtedness and advances, present and future, hereinabove mentioned or referred to, and that the Mortgagee shall have

the right to enforce any or all of its said securities, including this mortgage, at its option. And it is further expressly covenanted and agreed that the following mortgage or mortgages, and/or supplemental mortgage or mortgages, to-wit: shall remain in full force and effect, and in addition thereto said mortgage or mortgages, and/or supplemental mortgage or mortgages, and the properties thereby conveyed, shall be held by the Mortgagee as security for all of the notes, advances and indebtedness made under the terms of this instrument, and all of the covenants, agreements and descriptions of property set out therein are hereby adopted as a part hereof, just as if fully set forth herein in full, reference unto said mortgage and contract and/or said supplemental mortgage.... and contract...., respectively, and the record thereof, being hereby made for greater particularity and description.

IT IS MUTUALLY COVENANTED and AGREED by and between the Mortgagor ....and the Mortgagee, that this mortgage and the notes secured hereby constitute a Florida contract and shall be construed according to the laws of that state.

IN WITNESS WHEREOF, the Mortgagor.....

Signed, sealed and delivered in the presence of:

.....

.....

15. That the giving and acceptance of this mortgage shall not discharge, waive, effect or impair the terms, obligations, lien or effect of any other mortgage, shipping contract or security whatsoever held or owned by the Mortgagee upon the above described properties, or any part thereof, or the indebtedness thereby secured, or any other securities whatever, but it is the intention of the parties hereto that this mortgage shall, in the event, of any other such mortgages, be supplemental and additional to all other mortgages, shipping contracts or securities held or owned by the Mortgagee on the above described property, or any part thereof, or any other securities whatever, and that it shall operate as and give additional security for the debts and demands therein specified, as well as for all indebtedness and advances, present and future, hereinabove mentioned or referred to, and that the Mortgagee shall have the right to enforce any or all of its said securities, including this mortgage, at its option.

IT IS MUTUALLY COVENANTED and AGREED by and between the Mortgagor....and the Mortgagee, that this mortgage and the notes secured hereby constitute a Florida contract and shall be construed according to the laws of that state.

IN WITNESS WHEREOF, the Mortgagor.....

Signed, sealed and delivered in the presence of:

...../.....

.....

(Georgia Form)

$..... ..... 193.....

On.....

promise to pay to the order of TURPENTINE & ROSIN FACTORS, INC.
(Ex. 3)
.....Dollars, with interest from date until paid, at the rate of eight per cent. per annum, at the office of said Company in Savannah, Ga., or Jacksonville, Fla., for value received. Interest payable semi-annually, i. e. on the last days of June and December hereafter until this note is paid. If the semi-annual interest be not paid as herein agreed, then such interest shall become a part of the principal debt and shall bear interest at the rate of 8% per annum, payable semi-annually.

And should this note be unpaid at maturity and placed in the hands of an attorney for collection or adjustment, then there shall immediately become due as part hereof attorney's fees of ten per cent. on the amount involved. As against all amounts which may become due hereon, makers, sureties and endorsers expressly waive, on behalf of themselves and families, all homestead and exemption rights given by the laws of .....or of the United States.

In Witness Whereof have hereto set hand and seal

STATE OF GEORGIA
COUNTY OF

THIS INDENTURE, made this day of A. D. 19 ,
between

hereinafter called parties of the first part, (which term shall include the heirs, legal representatives, successors and assigns of the parties of the first part wherever the context so requires or admits), and TURPENTINE & ROSIN FACTORS, INC., a corporation organized and existing under the laws of the State of Delaware, and having its principal office in the City of Jacksonville, Florida, and authorized to do business in the State of Georgia, hereinafter called party of the second part, (which term shall include its successors and assigns wherever the context so requires or admits).

WITNESSETH: That Whereas, said parties of the first part are now indebted unto said party of the second part, in the sum of

($)

Dollars, this amount being acknowledged to be due and owing by said parties of the first part to the said party of the second part, and

Whereas, an agreement has been entered into by and between said parties, whereby said party of the second part is to make additional advances during the ensuing season to the extent of

($)

Dollars, such advances now made and to be made, aggregating the sum of

($)

Dollars, and evidenced by the ( ) certain promissory notes of said parties of the first part, dated evenly with these presents, to the order of said TURPENTINE & ROSIN FACTORS, INC., to-wit:

One note for Dollars, payable

One note for Dollars, payable

One note for Dollars, payable

One note for Dollars, payable

One note for Dollars, payable

One note for Dollars, payable

U. S. Department of Agriculture
Agricultural Adjustment Administration

Hearing (Naval Stores) Exhibit No. (3).

Offered by.....(Mr. Brogden).....

Date .....(Nov. 1, 1935).....

Reporter.....(M. C. Mixon).....

with interest thereon from date until paid, as hereinafter set forth; it being expressly agreed that, when any payment is made on said notes, or any renewals thereof, fresh advances may be made, from time to time, at the option of the party of the second part, so as to make this contract continuous in its nature; also it being expressly agreed that this deed to secure debt secures any other advances made by the party of the second part to the parties of the first part, and any other indebtedness owing, or to be owing at any time between this date and the date of the cancellation of this security deed, whether the same be covered by notes, or be on book accounts, or otherwise, irrespective of the amount, as first limited above; it being further understood that all the said notes, book accounts and other indebtedness shall bear interest from date until paid at the rate of eight per cent. per annum, which interest is payable semi-annually, that is, on the last day of May and the last day of November of each year, and that, if said interest be not paid as herein agreed, then such interest shall become a part of the principal debt, and bear interest at the rate of eight per cent. per annum, payable semi-annually:

NOW, THEREFORE, this indenture Witnesseth that the said parties of the first part, for the purpose of securing the notes above set forth, with interest as aforesaid, and any renewals or extensions of the said notes, or any of them, in whole or in part, that may be made by the party of the second part at its option, and to secure any other indebtedness now owing or at any time before the cancellation of this security deed to be owing by the parties of the first part, or any of them, to the party of the second part, with interest as aforesaid, as well as in consideration of the sum of Five Dollars cash in hand paid by the said party of the second part to the parties of the first part, at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, have granted, bargained, sold, conveyed and confirmed, and by these presents do grant, bargain, sell, convey and confirm unto the said TURPENTINE & ROSIN FACTORS, INC., its successors and assigns, all the following described property situate, lying and being in the State of Georgia, in the County of , to-wit:

One note for Dollars, Patria

One note for Dollars, Patria

One note for Dollars, Patria

One note for Dollars, Patria

And for the aforesaid considerations the parties of the first part have sold, assigned, transferred, conveyed and set over, and by these presents do sell, assign, transfer, convey and set over unto the said party of the second part, its successors and assigns, the following described leases, and all their right, title, interest, claim and demand of what kind and nature soever, of in and to the same, and of, in and to the lands and timber therein described, and thereby leased, and on, in and to the turpentine and all other rights, property, property rights and privileges in and by said leases granted and conveyed, to-wit:

And for the aforesaid considerations the parties of the first part have further sold, assigned, transferred and set over, and by these presents do sell, assign, transfer, and set over unto the party of the second part, its successors and assigns, the following described personal property, and all of the right, title, interest, claim and demand of the parties of the first part of, in and to the same, situate, located and being at or near , in the County of and State of Georgia, to-wit:

Also, all other personal property located at, near or in the vicinity of the headquarters of said naval stores place, or on the real estate herein referred to.

It is the intention and purpose of the parties of the first part by this instrument to secure and convey unto the party of the second part, its successors and assigns, any and all real estate, personal property, live stock, feed, trucks, automobiles, implements, and equipments now owned and/or used, or that may be later acquired and used in connection with said turpentine business and any agricultural business of the parties of the first part, whether herein specifically described or not, it being mutually understood that additions and replacements shall be included. It being the intention and purpose of the parties of the first part by this instrument to convey unto the said party of the second part, its successors and assigns, all the entire naval stores manufacturing, agricultural and farming plant and business of the parties of the first part and every part thereof, whether the same be particularly described herein or not, and also all the property, both real and personal, that the parties of the first part may hereafter acquire, whether same is used as a part of and in connection with said turpentine plant and farm, or an agricultural farm, or otherwise.

And also all goods, wares, merchandise, articles and things of every kind and character and description contained in the commissary store of the said parties of the first part located at the headquarters of said naval stores place or elsewhere, and all such as may be hereafter bought and placed in said commissary to take the place of those so sold in the regular course of business; and all books, open accounts, indebtedness, and evidence of indebtedness accruing in said commissary business that may be owing to the said parties of the first part at any time between now and the full payment of the debt hereby secured.

And also crude and spirits turpentine, rosin, dross, gum, scrape, dip and all other products of every kind and character of said naval stores farm and business, whether crude or manufactured, or in the process of manufacture, and whether in the cups, on the yards, in the woods, in transit, at the port, or elsewhere, and all agricultural crops growing and/or harvested, now owned by the said parties of the first part, and all such products as the said parties of the first part may hereafter raise, produce, manufacture, or otherwise acquire at any time between the date of these presents and the full payment of all the indebtedness hereinbefore described and hereby secured.

Together with all and singular the improvements, buildings, rights, members and appurtenances, hereditaments, easements and privileges to all of the said property hereinbefore described or referred to, in anywise pertaining or belonging, and all the estate, right, title, interest, claim, demand, property and possession of the said parties of the first part of, in, or to the same, and every part thereof.

TO HAVE AND TO HOLD all and singular the property hereinbefore conveyed, both real and personal, with the appurtenances, rights and members thereunto belonging unto the said party of the second part, its successors and assigns forever.

It is the intention of the said parties of the first part by these presents to convey, assign, and transfer, as security for the notes above described, and any other indebtedness due or to be due party of the second party in addition to all of the property hereinbefore set forth, the entire said naval stores plant and business and every part and parcel thereof, and all articles, implements, buildings, improvements, leases, turpentine privileges, property and rights of every kind and description now belonging or or in anywise appertaining to said place, or hereafter acquired in connection with said place at any time between now and the full payment of the indebtedness hereinbefore set forth.

It is expressly covenanted and understood that this conveyance is not a mortgage or lien, but conveys all the title and rights of the parties of the first part to all the property hereinbefore mentioned unto the said party of the second part, its successors and assigns, and that, in the event of default by the parties of the first part in the payment of the principal or interest hereinbefore set forth, or the violation of any of the covenants herein, that the said party of the second part, its successors and assigns, shall have all the rights and remedies of creditors in whom is the title as security.

And, further, the said parties of the first part hereby expressly covenant and agree to make and deliver to the party of the second part such further assignments, and conveyances and transfers of property, real and personal, leases and rights, by them hereafter acquired and used, or intended to be used, or connected with their said naval stores business aforesaid as the said party of the second part, its successors or assigns, may require or demand, and to make the same promptly upon demand at any time between the date of these presents and the full payment of all the indebtedness above described. And the said parties of the first part, in consideration of the premises and of the sum of Five Dollars ($5.00) to

them in hand paid, the receipt of which is hereby acknowledged, do hereby covenant and agree to and with the said party of the second part, its successors and assigns, that the said parties of the first part will not and do hereby divest themselves of the right to make, create or give any further conveyance or conveyances or liens upon the properties, or any portion of same, /hereinbefore and hereinafter described, and referred to (except as to any further conveyances that may be given to the party of the second part, its successors and assigns) for so long as the said parties of the first part are indebted unto the said party of the second part, its successors and assigns, in any sum whatsoever.

And in further consideration of the premises and advances so made, said parties of the first part agree and covenant to cut and work not less than ( )crops of cup faces during the year 19 , exclusive of all the second and third year cup faces and high cup faces, which are in number about crops of cup faces, more or less, which are to be worked also, while this contract is in force, such cup faces to be cut by the day of 19 , on the lands heretofore mentioned, or on any other lands which may be leased by said parties of the first part for turpentine purposes; and such leases, if any, and the interest therein conveyed are hereby transferred and assigned by said parties of the first part unto said party of the second part, or assigns, as further security for advances made as aforesaid.

And it is further covenanted by said parties of the first part in consideration of the premises and the further sum of One Dollar ($1.00) to them in hand paid, that from now until , 19 , and so long thereafter as any of the indebtedness secured hereby, or any renewal thereof, shall remain unpaid, the said parties of the first part will consign or ship, or cause to be consigned or shipped unto said party of the second part at Savannah, Georgia, or such other place or places as may be designated by said party of the second part, all spirits of turpentine, rosin and dross made onlands aforesaid, or resulting to, possessed or controlled by the said parties of the first part in anywise, for sale on the usual commissions and charges, and in default of such shipment, said parties of the first part agree and bind themselves to pay unto said party of the second part or assigns, as liquidated and stipulated damages for said non-shipment or non-consignment, and not as a penalty, the sum of

Dollars.

And should said parties of the first part ship, or cause to be shipped, any of said naval stores, at any time during the pendency or continuance of this contract, and until the indebtedness and covenants hereunder are fully paid and performed, to any other factors or persons than the said party of the second part, then such act of shipment, if any, shall be held and deemed a breach of this contract, in all its parts, and in consideration of the premises, shall render due, at once upon said breach, all the indebtedness hereunder, and subject this deed to secure debt, to foreclosure without further notice or demand for the entire amounts secured hereby; and by reason of such shipments, if any, made to any other factor or persons than to said party of the second part, or assigns, said party of the second part, or assigns, may demand same from any person or persons as their property, or recover same by law, and any person to whom such shipments, if any are made, as to such shipments, are relieved from any liability to said parties of the first part and shall account for the same unto said party of the second part, or assigns.

And it is expressly stipulated and covenanted that a breach of any of the covenants herein shall render these presents due and foreclosable at option of said party of the second part, and should this contract or said notes, or any book account, secured by this deed to secure debt, be placed in the hands of an attorney for suit, collection, adjustment or foreclosure, then andin any such event all attorney's fees and commissions, namely; ten per cent. on amount involved, as well as all costs and expenses, shall be due and payable at once, by said parties of the first part, same being secured hereby, and shall be included and recovered as such, in any suit, judgment, and/or foreclosure thereupon or hereunder.

It is further understood and agreed between the parties of the first part and the party of the second part that all balances owing by the parties of the first part on book account on note or notes or any other way as shown upon the books of account and/or note records kept by the party of the second part shall be due and payable to the party of the second part upon the first day of each and every month and without demand, and that any failure on the part of the parties of the first part to pay to the party of the second part the balance owing by the parties of the first part, as shown upon said books of account and/or note records, upon demand, shall have the effect to cause any and all indebtedness of the parties of the first part to the party of the second part to become due and payable at once, notwithstanding the due date of any note or notes herein described, or any renewal or renewals thereof.

Said parties of the first part further agree that said party of the second part is not bound to advance more than said Dollars, but if it makes any other advances, such advances shall be as amply secured by this deed to secure debt as said sum, and all advances shall bear interest at the rate of eight per cent. per annum from date of each advance, interest payable semi-annually as hereinbefore set forth.

And it is further covenanted and agreed between the parties hereto that all moneys due or to become due hereunder, together with the interest thereon at the rate above named, and all commissions, charges, expenses of shipment and of sales of said naval stores or other products as herein provided for, may be charged against said parties of the first part and retained by said party of the second part out of said sales of naval stores or other products, and the said party of the second part may at its option, apply the net proceeds of said sales and of all shipments made by said parties of the first part, after deducting its usual commissions and charges for the sale and handling thereof, to the credit, part payment or satisfaction of any note or account of said parties of the first part, or upon said notes hereinbefore described. And upon default of the parties of the first part, the party of the second part shall be entitled to the possession of all of the properties herein conveyed and to all rents, issues, profits and income of said properties, and the entire naval stores producing and agricultural businesses of the parties of the first part, as one of the chief considerations moving the party of the second part to make the advances aforesaid is that it shall have the handling of all of the products of said naval stores producing business of the parties of the first part as is set out in the shipping contract herein contained, which consideration is well known and accepted by the parties of the first part; and in the event the party of the second part shall elect to enforce at any time its security deed by suit at law or in equity, default having been made therein in any of the ways herein mentioned, it is understood and agreed by and between the parties hereto that the party of the second part shall have the right to apply for and have a pointed by a court of competent juriadiction, either in the main suit or an ancillary suit thereto, a receiver to take possession of and preserve the properties hereby conveyed, with full power to carry on the business of manufacturing naval stores growing agricultural crops and to sequester the profits and issues of said business and the rents and profits of said properties for the benefit of the parties holding liens upon said properties, and to apply for and have granted all necessary restraining orders and writs of injunction to restrain and prevent the disposition of and interference with the properties hereby conveyed by the parties of the first part pending such suit.

The parties of the first part further covenant and agree that they will continue to conduct and carry on until the moneys and indebtedness secured by said deeds to secure debt hereinbefore described and hereby secured shall have been fully paid and discharged, the naval stores farming and manufacturing plant and place now carried on by the parties of the first part, and to be carried on by them, on the lands and premises in said deeds to secure debt described and herein described and referred to as well as on other lands and under other leases that may be hereafter acquired, and shall devote proper time and attention thereto; and shall carry on the said businesses economically and shall not permit waste or strip of the said premises hereby conveyed and shall not (without the written consent of the party of the second part) cut, destroy or remove any timber nor the product of any timber from said premises, except as the same may be chipped and its products removed in carrying on the naval stores farming and manufacturing businesses of the parties of the first part. And should any party or parties whomsoever by any means cut, remove, or destroy any timber on said lands hereinabove described, and conveyed, or conveyed in and by

those certain deeds to secure debt hereinafter described, the parties of the first part do hereby covenant and agree to assign and transfer unto the party of the second part, any and all actions they may have at law or in equity for said trespass and do authorize the party of the second part, upon their failure so to assign, in the name of the parties of the first part to sue and recover any damages by reason of such trespass, the net proceeds of recovery, after deduction of all expenses of litigation, to be applied by the party of the second part in reduction of any indebtedness hereby secured.

And the said parties of the first part further covenant and agree with said party of the second part that if the said parties of the first part shall fail to meet their said notes, or any of them, as they fall due, or shall fail to pay back other advances (if any) as they fall due, or shall violate the above contract as to shipment of naval stores, or shall sell or dispose of any of the property conveyed hereby, or shall otherwise fail to perform the covenants herein, (however, any indulgence granted by the party of the second part upon breach of any of the covenants herein, or failure to pay as herein set out, shall not be construed as a waiver by the party of the second part of any of its rights hereunder), then said party of the second part shall have the right to foreclose this security deed immediately, or sell the property under the terms and provisions following, that is to say, in addition to the right of foreclosure said party of the second part shall have the right, upon default of payment or upon any breach aforesaid, to seize all of the property covered by this security deed (which said parties of the first part agree to deliver and turn over to the said party of the second part, its agent or assigns), and upon such seizure, or without seizure and without having possession of said property, shall have the right to sell said property before the Court House door of the County in which said property, or a portion thereof, is located (if a continuous tract of land lies in more than one county, the sale shall be held in any one of such counties, unless the parties of the first part, or any one of them, resides in one of such counties, then in the county where such person resides), after written notice, describing said property and the terms of sale posted up at the Court House door as aforesaid for ten (10) days before the date of sale; or at the option of the party of the second part, such sale may be advertised and conducted at the time and place and in the usual manner of Sheriff's sales in the County in which the property, or a part thereof, is located, and at such sale to put up and expose any and all of said property, real and personal, without carrying and exposing the personal property before the Court House door, (unless said party of the second part should prefer to do so), and sell the same as a whole or in parcels, at the option of the party of the second part, to the highest and best bidder, at which sale the party of the second part, its agents and assigns, may bid and purchase. Said party of the second part shall have the right to hold one or more sales under this power without exhausting its rights hereunder. And said party of the second part shall upon such sale or sales have the right to make proper deeds of conveyance in the names of the parties of the first part to the purchaser or purchasers. From the proceeds of such sale or sales all costs and expenses of said sale, including ten per cent. attorney's fees, and the principal and interest of all indebtedness hereby secured, shall be deducted, and the overplus, if any, shall be

paid to the parties of the first part, their heirs and assigns. This power of sale is for a valuable consideration and is coupled with an interest, and is hereby made irrevocable even by death. Said power of sale may be exercised by the said party of the second part, its successors and assigns, through its duly authorized officers or agents.

AND FURTHER, in consideration of the advances made and to be made under this Deed to Secure Debt and contract, and the sum of Five Dollars ($5.00) cash in hand paid to the parties of the first part by the party of the second part, the receipt whereof is hereby acknowledged, it is expressly covenanted and agreed that the following described deed to secure debt and/or supplemental deed to secure debt, to-wit:

shall remain in full force and effect, and in addition thereto the said deed to secure debt and/or the said supplemental deed to secure debt, and the properties covered thereby, shall be held by the party of the second part as security for all of the notes, advances and indebtedness made under the terms of this instrument, and all of the covenants, agreements and descriptions of property set out therein are hereby adopted as a part hereof, just as if fully set forth herein in full, reference unto the said deed to secure debt and contract and to the said supplemental deed to secure debt, respectively, and the record thereof, being made for greater particularity and description.

And the parties of the first part hereby agree that the powers of sale contained inall of the aforementioned security deeds now held by the party of the second part shall be enlarged by the terms and conditions of the power herein written, and the property mentioned and described in each and every one of said security deeds can be sold under the terms and provisions of the power herein contained. Otherwise, all of the terms and conditions of the aforementioned security deeds are hereby ratified and confirmed and made a part of this security deed or supplemental security deed as fully as if the same had been fully set out herein.

And the said parties of the first part expressly covenant and aver that they have good right, title and possession of the above described and mentioned property, and that the same is free and clear from all liens, encumbrances and claims, save and except only this security deed and such other liens as are herein expressly referred to. It being expressly agreed that the parties of the first part will pay all taxes and assessments that may be levied against the said property, and any part of the same, and keep the property free and clear from all taxes, and all other liens, except this security deed. Also, it is covenanted and agreed that, upon demand of the party of the second part, the parties of the first part will insure against loss by fire, in companies satisfactory to the party of the second part and in an amount satisfactory to it, the improvements on the property covered by this security deed, which policies of insurance shall be made payable to the party of the second part and delivered to it.

And lastly all of the property, real and personal, mentioned in this security deed, unto the said party of the second part, its successors and assigns, the said parties of the first part, against themselves, and against their heirs, successors and/or assigns, and against all and every other per-

son or persons whomsoever, shall and will warrant and forever defend by these presents.

It is understood that the expression "parties of the first part" used herein, shall be considered as singular if only one, and shall be considered as plural, individually, jointly and severally, if more than one, and that the word "their" if used anywhere in this security deed, shall be taken to mean "his", "her" or "its", wherever the context so implies or admits.

IN WITNESS WHEREOF,

(COPY) Ex. 3 FORM 497
381 White

UNIFORM STRAIGHT BILL OF LADING SHIPPER'S No.___
(Prescribed by the Interstate Commerce Commission)
ORIGINAL - NOT NEGOTIABLE AGENT'S No.____

1 SOUTHERN RAILWAY COMPANY

RECEIVED, subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading,

at AVON PARK FLA OCT 12 1935 193____

from J H DEAN N & CO

the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company (the word company being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery at said destination, if on its own road or its own water line, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions not prohibited by law, whether printed or written, herein contained, including the conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns.

(Mail or street address of consignee-For purposes of notification only.)

Consigned to TURPENTINE & ROSIN FACTORS

Destination JACKSONVILLE State of FLA County of ____

Route ____

Delivery Carrier ____ Car Initial ____ Car No. ____

No. Packages	DESCRIPTION OF ARTICLES, SPECIAL MARKS AND EXCEPTIONS	*WEIGHT (Subject to correction)	Class or Rate	CHECK COLUMN	Subject to Section 7 of conditions, if this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement:
25	BARRELS ROSIN				
5	BARRELS TURPENTINE				

Prepared by the Interstate Commerce Commission)
EXPIRES -- END CONTINUATION Agent's No._____

2 -- EQUIPMENT CONTRACT CONTINUED

* * * * * *

AGREED, subject to the classification and tariffs in effect on the date of the issue of this BILL of lading.

_____ Agent (THE RAIL CO.) per (P. RUSH) 19____

From _____ I S RUSH N J 06

the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company (the word company being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery at said destination, if on its own road or its own water line, otherwise to deliver to another carrier on the route to said destination. It is agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions not prohibited by law, whether printed or written, herein contained, including the conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns.

_____

[Mail or street address of consignee--For purposes of notification only]

Consigned to _____

Destination _____ State of _____ County of _____

Route_____

Delivering Carrier_____ Car Initial_____ Car No._____

No.	DESCRIPTION OF ARTICLES, SPECIAL MARKS, AND EXCEPTIONS	*Weight (Subject to Correction)	Class or Rate	Check Column	Subject to Section 7 of conditions, if this bill of lading is to be signed by the consignor, and the consignor shall sign the following statement: The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.
8	BARREL RUBBER				
60	BARREL EMPTY				

(Signature of consignor.)

If charges are to be prepaid, write or stamp here, "To be Prepaid."

Received $_____ to apply in prepayment of the charges on the property described hereon.

Agent or Cashier

Per _____

(The fifth copy of this bill is to be delivered to the consignee if charges are to be collected.)

*If the shipment moves between two ports by a carrier by water, the law requires that the bill of lading shall state whether it is "carrier's or shipper's weight."

The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.

_____
(Signature of consignor).

If charges are to be prepaid, write or stamp here, "To be Prepaid."

_____

Received $_____ to apply in prepayment of the charges on the property described hereon.

_____
Agent or Cashier

Per _____
(The signature here acknowledges only the amount prepaid.)

Charges Advanced:

$_____ Y

*If the shipment moves between two ports by a carrier by water, the law requires that the bill of lading shall state whether it is "carrier's or shipper's weight."

NOTE.-Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property.

The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding

_____ per _____

J. H. DEANS N S CO Shipper A O KINSEY Agent

Per J H DEAN Per A O K

Permanent post-office address of shipper _____

1

The carrier shall not make delivery of this shipment
without payment of freight and all other lawful charges.

(Signature of consignee).

If charges are to be pre-
paid, write or stamp here, "To
be Prepaid."

Received $_____
to apply in prepayment of the
charges on the property described
hereon.

Agent or Cashier

Per _____

(The signature here acknowl-
edges only the amount prepaid.)

Charges advanced:

$_____

"If the shipment moves between two
ports by a carrier by water, the law re-
quires that the bill of lading shall state
whether it is "carrier's or shipper's
weight."

NOTE.--Where the rate is dependent
on value, shippers are required to state
specifically in writing the agreed or de-
clared value of the property.

The agreed or declared value of the
property is hereby specifically stated by
the shipper to be not exceeding

_____ per _____

EX. 3 Form 407

UNIFORM STRAIGHT BILL OF LADING Shipper's No. ____
(Prescribed by the Interstate Commerce Commission)
ORIGINAL - NOT NEGOTIABLE Agent's No. ____

1 SOUTHERN RAILWAY COMPANY

RECEIVED, subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading,

at Hazelhurst, Ga. 4/27/35 193 ____

from D. Kirkland

the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company (the word company being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery at said destination, if on its own road or its own water line, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions not prohibited by law, whether printed or written, herein contained, including the conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns.

Mail or street address of consignee-for purposes of notification only.
( )

Consigned to Turpentine & Rosin Factors

Destination Savannah State of Georgia County of ____

Route Sou

Delivering Carrier ____ Car Initial Sou Car No. 165500

No. Packages	Description of articles, special marks and exceptions	*Weight	Class or rate	Check Column	Subject to Section 7 of conditions, if this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement:
16	bbls. rosin	8000			The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.
3	spirits	1326			If charges are to be prepaid, write or stamp here, "To be Prepaid."
		9326			
	Southern Ry. Co.				____ Collect
	Hazelhurst, Ga.				Received $____ to apply in prepayment of the charges on the property described hereon.
	Apr. 27, 1935				

660

BUSINESS / RAILROAD CONTRACT

Memphis, subject to the classifications and tariffs in effect on the date of the issue of this BILL of lading.

"If the shipment moves between two ports by a carrier by water, the law requires that the bill of lading shall state whether it is carrier's or shipper's weight."

NOTE.- Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property.

The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding

_____ per _____

_____
Agent or Cashier

Per _____
(The signature here acknowledges only the amount prepaid.)

Charges Advanced:

$_____

Z. W. Kirkland Shipper

Per Ted Turner

J. M. Odum ? Agent

Per _____

Permanent post-office address of shipper _____

1

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AMENDMENTS TO THE PROPOSED AGREEMENT

ARTICLE I - Definitions

Add as paragraph 22 - The term "subsidiary" means any person, of or over whom a contracting processor handler has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

Insert paragraph 23 - The term "affiliate" means any person who has either directly or indirectly actual or legal control of or over a contracting processor handler whether by stock ownership or in any other manner.

Re-number paragraphs 22, 23, 24, and 25 to 24, 25, 26 and 27 respectively.

U. S. Department of Agriculture
Agricultural Adjustment Administration

Hearing Naval Stores Exhibit No. 4

Offered by Mr. Speh

Date Nov. 1, 1935

Reporter M. C. Mixon

Name of Town Engineer

Address

Date

Signature

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing Naval Stores Exhibit No. 5

Offered by Mr. McCormack

Date Nov. 1, 1935

Reporter M. C. Mixon

Opposition of the Steam-Solvent Naval Stores Industry to the proposed agreement between naval stores handlers and the Secretary of Agriculture, to be discussed at a formal hearing at Jacksonville, Fla., on October 31, 1935.

Ordered by _____

Date _____

Deliver to _____

In November 1933, manufacturers of steam-solvent naval stores and a large number of producers of gum naval stores filed vigorous opposition to a so-called "Marketing Agreement", which was the subject of a public hearing held in Jacksonville, Florida on November 20, 1933.

This opposition, on the part of a large percentage of the industry, was based on the firm conviction that the whole thing was basically unsound, and would fail; not only in its ostensible purpose of balancing supply and consumption, but in the long run would result in irreparable injury to the industry.

Notwithstanding the protests of the industry, the Marketing Agreement was officially made effective in February 1934, and remained in effect until August 1935, at which time the control features of the agreement were suspended by order of the Secretary of Agriculture because of inability to enforce such provisions.

The experience of the industry while the agreement was in effect should prove instructive, and what actually happened during the years 1934 and 1935 may reasonably be accepted as a guide to what will happen again under similar conditions.

Production of gum naval stores for the naval stores year, beginning April 1934, was fixed by the Control Committee at approximately 465,000 units. Actually more than 500,000 units were produced. Again in 1935 the Control Committee announced that allotments for gum production during the naval stores year, beginning April 1935, should not exceed 450,000 units. Actual production for this period will be considerably in excess of 500,000 units.

Prices of gum rosin and gum turpentine in the spring of 1934 were ranging between $53.00 and $58.00 per unit. As soon as the agreement began to function prices started to drop, and it was not until the agreement was suspended in August 1936 that any real strength in the market became apparent and prices began to rise.

Under the agreement stocks of both gum rosin and gum turpentine have greatly increased until today there are approximately 460,000 barrels of rosin and 176,000 barrels of turpentine at concentration points in the south.

Consumption of gum products, particularly exports, has shown a marked decrease, notwithstanding a general improvement in conditions,

both in this country and abroad. Exports of gum rosin have dropped from 994,065 barrels during the calendar year 1933 to 748,718 barrels during the calendar year 1934. Gum turpentine exports have decreased from 267, 738 barrels during the calendar year 1933 to 195,789 barrels during the calendar year 1934. The first seven months of 1935 show exports of 499, 725 barrels of rosin and 106,679 barrels of turpentine as compared with 444,943 barrels of rosin and 120, 306 barrels of turpentine for the same period in 1934, and 564,426 barrels of rosin and 138,176 barrels of turpentine during the first seven months of 1933.

Production in practically all foreign countries, except France, has shown a decided increase, particularly in Russia, and stocks in all foreign-producing countries have decreased.

The artificiality of the American naval stores situation has been still further enhanced by the action of the government in advancing loans through the Commodity Credit Corporation on gum rosin and gum turpentine. These loans, which were virtually purchases, have resulted in the government acquiring large quantities of gum rosin and gum turpentine. Sooner or later these stocks in government hands must be disposed of. Until this is accomplished they constitute a very real obstacle to real improvement in conditions surrounding the naval stores industry.

Government loans have also had the result of very effectually stifling any incentive to market gum naval stores in new fields or to retain old markets. There is no reason why a naval stores producer should spend money and energy in trying to sell his product into consumptive channels when he knows the government will take it off his hands at a fixed price.

The new agreement which we are being asked to consider today differs in no essential respect from the old agreement, the results of which we have been reviewing.

The only apparent differences are - the Control Committee will now serve without compensation; and an attempt has been made to include steam-solvent manufacturers as agriculturists and on the same basis as gum producers.

There is nothing in the new agreement which would lead one to expect any different results than have occurred under the old. Both are fundamentally unsound and un-American.

It is unthinkable that American citizens, for any period of time, would allow their activities and every day lives to be dominated by a small number of men appointed and controlled by the Secretary of Agriculture. Any arrangement based upon such principles is foredoomed to failure, and yet the longer such "Marketing Agreements" endure, and the more government loans and subsidies we have, the nearer we are approaching the point where the government will be obliged to step in and actually run the naval stores industry.

The previous and present marketing agreement, as well as the government loan policy, is short-sighted and does not cover the real needs of the industry. In all other industries where similar things have been tried they have proved unsuccessful and have failed because of their economic unsoundness.

The real problem of the gum naval stores industry is development of markets. This means the application of intelligent business principles to the problem of retaining present markets and development of such derivatives of gum products as will open new fields of consumption.

The United States producer of gum naval stores is in a preferred position to make his business a real industry, but he must do it himself. It cannot be accomplished through government control and government subsidy.

No serious effort has ever been made to really sell gum naval stores. Consumers have bought gum rosin and gum turpentine but they have never been sold in the sense that other products are sold. Consequently, the only markets open to rosin and turpentine have been those markets where the obvious properties of gum rosin and gum turpentine have created a demand.

The potential demand for rosin and turpentine is enormous, and could well absorb the entire production of this country if it were developed. We believe it could be developed through the right kind of a cooperative marketing association.

Such an association, well thought out and well administered, and purely voluntary in character, has some chance of helping the industry over a period of time. The present type of coercive governmental contractual agreement has not the slightest chance of causing anything but injury to the industry.

The foregoing remarks have concerned the naval stores industry as a whole. Specifically, steam-solvent naval stores manufacturers have no place in a marketing agreement such as has been presented at this hearing. They are not agriculturists in any sense of the word, and conditions surrounding the production and sale of their products are so different from the corresponding gum products as to make any arrangement of this kind inoperable and unfair.

Steam-solvent manufacturers have solved their own marketing problem, and which was very similar to the problem now confronting the gum naval stores manufacturers. They have improved their products, studied the needs of their customers and opened up new markets for rosin and turpentine, pine oil and special terpene products, throughout the world. Their products under individual company brands and trade marks are known in practically every country of the globe.

Further, their production is not limited to rosin and turpentine, but many new products entirely non-competitive with gum rosin and gum turpentine have been developed, and are being marketed. Such products are produced simultaneously with wood rosin and wood turpentine, and the volume of one cannot be changed without a corresponding change of the others.

A brief description of the steam-solvent industry is appended to this statement. This, together with accompanying statistical data, will show the essential characteristics of the industry as compared with the gum industry. It will also show, to some extent, the contribution this branch of the industry has made to the industry as a whole, and to the south.

The steam-solvent manufacturers are unanimously opposed to the proposed marketing agreement on the grounds that it is unconstitutional and economically unsound.

DESCRIPTION
OF
STEAM-SOLVENT NAVAL STORES INDUSTRY

* * * *

HISTORY

The manufacture of naval stores by the steam-solvent process is a comparatively recent development. The first plant to operate under this process was built at Gulfport, Mississippi in 1910. From that date to the present time, thirteen plants have been built. Of these, four have discontinued operations, and have been dismantled, so that today there are nine plants in operation and manufacturing wood rosin, wood turpentine and pine oil by the steam-solvent process.

These nine plants, representing an investment of approximately $15,000,000 are located in Georgia, Florida, Mississippi, Alabama, and Louisiana. Five of these plants are owned and operated by the Hercules Powder Company and by Newport Industries, Inc. The other four are owned and operated by four separate corporations, namely Continental Turpentine & Rosin Corporation, Dixie Pine Products Company, Mackie Products Company, Phoenix Naval Stores Company. The production controlled by the Hercules Powder Company and Newport Industries, Inc. constitutes about 85% to 90% of the entire volume of naval stores products produced by the steam-solvent naval stores industry.

The incentive underlying the development of the steam-solvent naval stores industry was the prevailing opinion, throughout the period from 1909 to 1923, that gum naval stores produced from the living tree would, in a comparatively short time, be insufficient to take care of domestic and foreign consumption. A report published in 1909 by Dr. Herty stated that on account of the exhaustion of the southern yellow pine, through timbering operations, the naval stores industry would have less than 15 years continued life. In 1920, as a result of Senator Capper's investigational committee, the Department of Agriculture submitted to Congress a very carefully compiled report, in which they stated the naval stores industry would be practically eliminated within a period of ten years, and that consumers of rosin and turpentine, both domestic and foreign, would have to look elsewhere for raw materials. This opinion was shared not only by Government experts, but by gum producers generally. These men, who had spent their entire lives in the industry, and who based their opinions on the experience of some 150 years or more, were practically unanimous in their feeling that the gum naval stores industry was doomed.

Accepting the statements of Government experts and of the industry at their face value, millions of dollars were invested by steam-solvent manufacturers to provide a new source of naval stores, whereby the consumers of these products would be given a continued supply of raw material. However, in forecasting the end of the gum naval stores industry, sufficient consideration had not been given to the extremely rapid reforestation

which was taking place in the South Atlantic States. Second growth long leaf and slash pines were found to grow extremely rapidly, and during the period from 1921 todate these second growth trees have been the source of raw material for a very large percentage of the gum rosin and turpentine produced. These trees have been able to not only supply current demands for rosin and turpentine, but, if properly protected, will probably constitute a permanent supply which will be sufficient to take care of the world's demand for naval stores for many years to come.

However, under the urge of high prices which existed during the years of 1926 and 1927, many small trees were cupped for turpentine, and the mortality of such small trees has been extremely heavy. Unless some conservation measure is taken, a few more years of high prices might deplete these small trees to such an extent as to bring about an actual shortage during some time within the near future.

RESEARCH AND MARKET DEVELOPMENT

This radical change in the supply of raw material for the gum naval stores industry necessarily brought about decided changes in the policies of the steam-solvent naval stores manufacturer. He realized that rosin and turpentine constituted one of the most valuable assets of the country in the form of organic chemicals. He also realized that only through intensive research and market development could the full potentiality of this asset be made available to consumers. Consequently, the steam-solvent people embarked on a most extensive research program as a result of which many new materials have been developed, new markets established, and much interest in the possibilities of terpene chemicals has been awakened throughout the world.

It is estimated that during the past twelve years the steam-solvent naval stores industry has expended some $4,000,000 in research of one kind or another. This research has not only developed entirely new products, but has so modified old products as to more nearly meet the specific demands of individual consumers. Foreign markets have been investigated and developed. Extensive advertising has been carried on, and consumers the world over have been made conscious of the importance of American naval stores as a permanent and satisfactory source of organic chemicals.

The gum naval stores industry, while one of the oldest of this country, has been most unprogressive. No understanding whatsoever of the fundamental properties of the materials which they are making had ever been attained by the gum producers. Their products were bought as rosin and turpentine, and consumed largely for their physical properties without much conception of the tremendous chemical potentialities of these products.

The steam-solvent manufacturer soon found that in order to make practical progress along research lines, he would first have to undertake a detailed study of the fundamentals of rosin, turpentine and other

terpenes. This sort of work consumed a number of years, and it has only been recently that this fundamental knowledge acquired in the laboratories of the steam-solvent manufacturers has been expanded to the point of actually producing commercial products of value.

Research work is necessarily slow. Much time must elapse between the initial work and the translation of such work to a commercial scale. Much of the fundamental research work is now behind us, and we can look forward with confidence to the actual exploitation of products resulting from our laboratory work. Already rosin and turpentine, either modified or chemically changed, is entering industries and performing new uses which had not been apparent a few years ago. Illustrations of some of the new uses for naval stores or their derivatives may be found in the development of new types of protective coatings, new vehicles for paints, varnishes and lacquers, plasticizers, asphaltic emulsions, synthetic camphor, depilation compounds for use in the packing industry, high tension insulation, etc.

In addition to the creation of new markets and new uses for naval stores products, steam-solvent naval stores manufacturers have been instrumental in many cases in protecting old markets against the encroachment of new and cheaper raw materials produced by other industries. An illustration of this may be cited in the replacement of gum turpentine in the paint and varnish industry by so-called turpentine substitutes, which are largely special petroleum fractions. This replacement has been allowed to take place without the protest or action of any kind by the gum producers. However, through advertising and through work with the individual consumers, the steam-solvent naval stores manufacturer has always been able and is still able to sell to the paint and varnish trade as much of his production of turpentine as he desires. A proper conception of the real value of turpentine for paint and varnish, followed by an adequate advertising campaign and proper contact with consumers, would probably have prevented a large part of this loss of business.

Much has been said as to the desirability of balancing the production of naval stores to the demand for these products. The fundamental soundness of this principle cannot be denied. It is basic to any industry, and the steam-solvent naval stores industry has always operated according to this principle. The industry, however, has not been satisfied with an attempt to bring about this balance by merely curtailing production, but has actively tried to expand consumption and to create new markets which would permit a larger and more economical production. A like policy followed by the gum industry would undoubtedly have brought about an entirely different condition than exists today. Markets sufficient to absorb the entire production of American naval stores exist, and it requires only chemical research, advertising and market development to open up these markets. Today the only efforts along this line have been on the part of steam-solvent manufacturers, and the success of these efforts is being shared today by the gum producer as well as by the steam-solvent manufacturer, who has been solely

responsible for such development work.

NON-COMPETITIVE PRODUCTS

In considering the steam-solvent naval stores industry, due consideration must be given to the fact that an important proportion of the materials produced from the dead resinous tree differ considerably from the materials produced by the gum producer from the living tree. For instance, in addition to rosin and turpentine, the dead tree also yields important quantities of pine oil and other terpene derivatives. The cellulose resulting from extraction of terpenes is also an important by-product, and is used either for the production of power or for the manufacture of insulating board, besides having potential uses as a source of raw material to be used in the manufacture of alcohol, purified cellulose or other products.

The sale of these other products which are non-competitive with gum rosin and turpentine constitute an important part of the steam-solvent naval stores manufacturers' business.

Pine Oil is used in many industries. Formerly the major portion of pine oil was used in the mining industry as a flotation reagent; and while this use has temporarily decreased, other uses have been found whereby pine oil is used as a chemical in a great many different industries, chief among which may be cited textile, disinfectant, pharmaceutical, perfume, detergent and others.

Approximately 30% of the gross value of products sold by the steam-solvent naval stores manufacturer are products which are entirely non-competitive with gum products, and are going into industries entirely unrelated to those industries consuming rosin and turpentine. (See Table #3)

Many of the products made by steam-solvent naval stores manufacturers, and many of the processes used by them are protected by United States patents. A fixed allocation of production would necessarily prevent such patentees from commercializing such products, and taking advantage of the privileges conferred upon them by existing patent laws.

A fixed allocation based on either rosin or turpentine would necessarily curtail production and sale of non-competitive products produced by the steam-solvent naval stores industry. Inasmuch as the sale of these non-competitive products constitutes an important source of revenue to the industry, it would be unjust to attempt to curtail this revenue by arbitrary allocation of any sort.

We are attaching table #2 which shows the proportion of wood rosin and wood turpentine sold to the trade for the past six years as compared with the quantity of special derivatives of rosin and turpentine produced by the steam-solvent manufacturers, and sold during the same period. By "special derivatives" is meant all those products which have been modified in some way to meet the specific demands of a consumer, and which differ

from the original wood rosin in their characteristics, by virtue of chemical treatment or processing.

The raw material used by the steam-solvent naval stores manufacturer is waste resinous wood taken from the cut-over lands of the south. In order to keep the plants of the industry supplied with raw material, approximately between 20,000 and 25,000 acres of land per month must be worked, requiring the services of 1,200 to 1,500 men. The removal of this waste wood is of real importance from the standpoint of conservation of timber. Fire hazards are decreased, and the removal of wood by stump pullers or by proper application of dynamite increases the rate of reforestation; also leaving the land in condition for cultivation of other crops. Much of this waste wood is furnished by farmers who are gradually clearing their land of stumps, and to whom an outlet for such waste wood is an important source of revenue.

It has been stated that any marketing agreement between the Secretary of Agriculture and producers of gum rosin and turpentine cannot be successfully carried out unless the production of the steam-solvent naval stores manufacturer is arbitrarily curtailed, and it has further been stated that the present depressed condition of the naval stores industry has been largely due to expanding production of steam-solvent naval stores. An answer to this statement may be found in attached table #1.

This table shows the production of wood rosin made by the steam-solvent process from the year 1921 todate. It also shows the percentage of total rosin production, represented by wood rosin, by years and the price of gum naval stores per unit received by producers at the stills during this period.

It will be noted that the production capacity of steam-solvent plants has not been materially increased during this period of time. It also shows that during periods of depression steam-solvent production has been curtailed proportionately more than gum production. Further, it is evident that during the periods of maximum production of wood products, the producer of gum rosin and turpentine received the highest prices for his products. In other words, this table is convincing evidence that the production of steam-solvent naval stores products has had no visible effect on the accumulation of excess stocks of naval stores or on the prices obtained by the gum producer.

This table also indicates that variations or increases in the production of steam-solvent naval stores products have less effect on the statistical naval stores situation than variations in weather, which have a material effect on the yield and production of gum rosin and turpentine. It was clearly brought out at the hearing in Jacksonville (and Gamble's Yearbook verifies this statement) that a favorable crop year can easily increase the yield of gum rosin and gum turpentine as much as 20% over the estimated yield determined by the number of cups hung at the beginning of the season. Similarly, unfavorable weather conditions and forest fires have at times decreased the crop as much as 20% over their anticipated yield. This means

that it is quite possible to have a plus or minus variation in gum production of at least 20%, or a total variation of approximately 40%. It is obvious that with such uncertainty always facing the industry, no control committee can accurately fix the production of gum rosin and turpentine by merely allocating a certain number of "faces", and it is apparent that variations in the production of wood rosin and wood turpentine are minor in their effect as compared with this uncertain factor in the gum industry due to climatic changes.

In the figures which will subsequently be given in this report we are using round barrels of rosin, holding approximately 500 gross, as the unit of measure. This is being done because the ratio of rosin and turpentine produced from the dead tree is not constant and is not in the same proportion as the ratio of rosin and turpentine produced from the living tree. Some of the figures shown are estimates, as under existing laws exchange of cost figures by competing producers has not been permissible. These estimates, however, are sufficiently accurate to serve our purpose.

Table #3 shows the estimated gross sales in dollars of all steam-solvent naval stores products for the past seven years. This table also shows the gross sales of products entirely non-competitive with gum rosin and turpentine, and the percentage of the latter to the former.

MARKETING OF STEAM-SOLVENT NAVAL STORES

It has been stated that gum rosin and gum turpentine are never sold but are merely bought by the consumer. This cannot be said of the steam-solvent products. Steam-solvent manufacturers have always followed, and have been obliged to follow, a most aggressive marketing program.

Steam-solvent naval stores manufacturers maintain direct contacts with all their consumers. By reason of this direct contact, they are able to anticipate the consumer's needs, and to furnish him with products especially designed and formulated to meet his specific requirements.

Another result of this direct contact between producer and consumer is the ability on the part of the manufacturer to foresee coming changes which may affect the use of naval stores products, and to prepare for such changes (through laboratory research) by being prepared to furnish materials in competition with new competitive products. Many illustrations of this may be cited, and the increasing use of naval stores in the protective coating industry and in the synthetic resin industry are examples of efforts on the part of steam-solvent naval stores manufacturers. Such increased uses react to the benefit of the entire industry, and not alone to the benefit of the steam-solvent manufacturer.

The steam-solvent naval stores manufacturer is not dependent on either the gum factor or the distributor to help produce or dispose of his products. The industry is self-contained, and has control of its situation all the way from the raw material through to the ultimate consumer.

Prices of steam-distilled wood turpentine and wood rosin are generally based on the Savannah market. These products are basically the same as the corresponding gum products and compete in the same markets. Prices of wood rosin and wood turpentine are sometimes higher and sometimes lower than gum rosin and gum turpentine, depending upon the particular quality in question. For instance, pale wood rosin always commands a premium over the corresponding color gum rosin. This is because pale wood rosins have been made in such a way as to give superior working properties as compared with the corresponding gum product. Wood turpentine sold for the manufacture of synthetic camphor commands a higher price than gum turpentine for the reason that it has been specially prepared for this specific purpose, and gives a higher yield and higher quality synthetic camphor than the corresponding gum product.

It is well recognized that approximately 55% of the United States production of naval stores has been exported, and it is equally well recognized that such exported material sells in competition with naval stores produced by foreign countries. Any foreign country possessing pine trees will undoubtedly increase its production to the utmost, provided prices increase to such an extent as to make such production profitable. In all probability production in France, Spain and Portugal cannot be increased much more than 20% over the average in past years. Other countries, principally Russia and Mexico are potential sources of supply that cannot be ignored. Russia, in particular, has built steam-solvent plants and is exploiting the sale of gum products in direct competition to products produced in this country.

In prior years large quantities of rosin used to be consumed by Russia each year. Not only has this demand entirely disappeared, but we find Russian turpentine today being largely used in Italy and England, and in some places on the Continent. In the same way, we find Mexican turpentine an important competitive element on the West Coast of this country. Mexican rosin today is being consumed almost entirely within its own borders, but it is just a question of time (if prices are sufficiently attractive) before Mexican rosin, as well as turpentine, will come into this country in active competition with our own materials, or, in the event import duties are imposed on rosin and turpentine, foreign markets will be available for her output.

In the summer of 1930 representatives of one of the steam-solvent naval stores manufacturers were sent to Russia to study the possibility of future Russian competition. As a result of their investigation, these men rendered a report showing probable costs of producing gum and wood turpentine and rosin in Russia, and an estimate of the potential supplies of these materials as yet undeveloped. They also stated that a steam-solvent naval stores plant was operating near Nishni-Novgorod, at Wachtand, and that plans were under way for the construction of 14 or 15

more plants in Russia; these plants to have an approximate capacity of some 500,000 tons of wood per year. Their report ended with the following comment: "There does not appear to be any doubt that Russia will go ahead on rosin and turpentine, both gum and wood and some time we believe we shall have to reckon with this country as a certain factor of competition."

In considering this whole question of foreign naval stores markets it must be remembered that we are an exporting country of naval stores. No manipulation of import duties can possibly protect our foreign markets.

In order to carry on the market development of steam-solvent products, sales offices have been established at all important cities of this country and abroad. Salesmen and technical representatives are continually in touch with not only the domestic trade but also foreign consumers. Direct sales offices and agents have been established in Holland, England, Germany, Scandinavia, Finland and other European countries, as well as in many South American countries. Steam-solvent naval stores go to practically every country in the world, and their use in these countries has been a direct result of the research and sales activities of the steam-solvent naval stores manufacturer.

Table #4 shows the percentage of wood rosin and wood turpentine which has been exported to foreign countries during the past seven years.

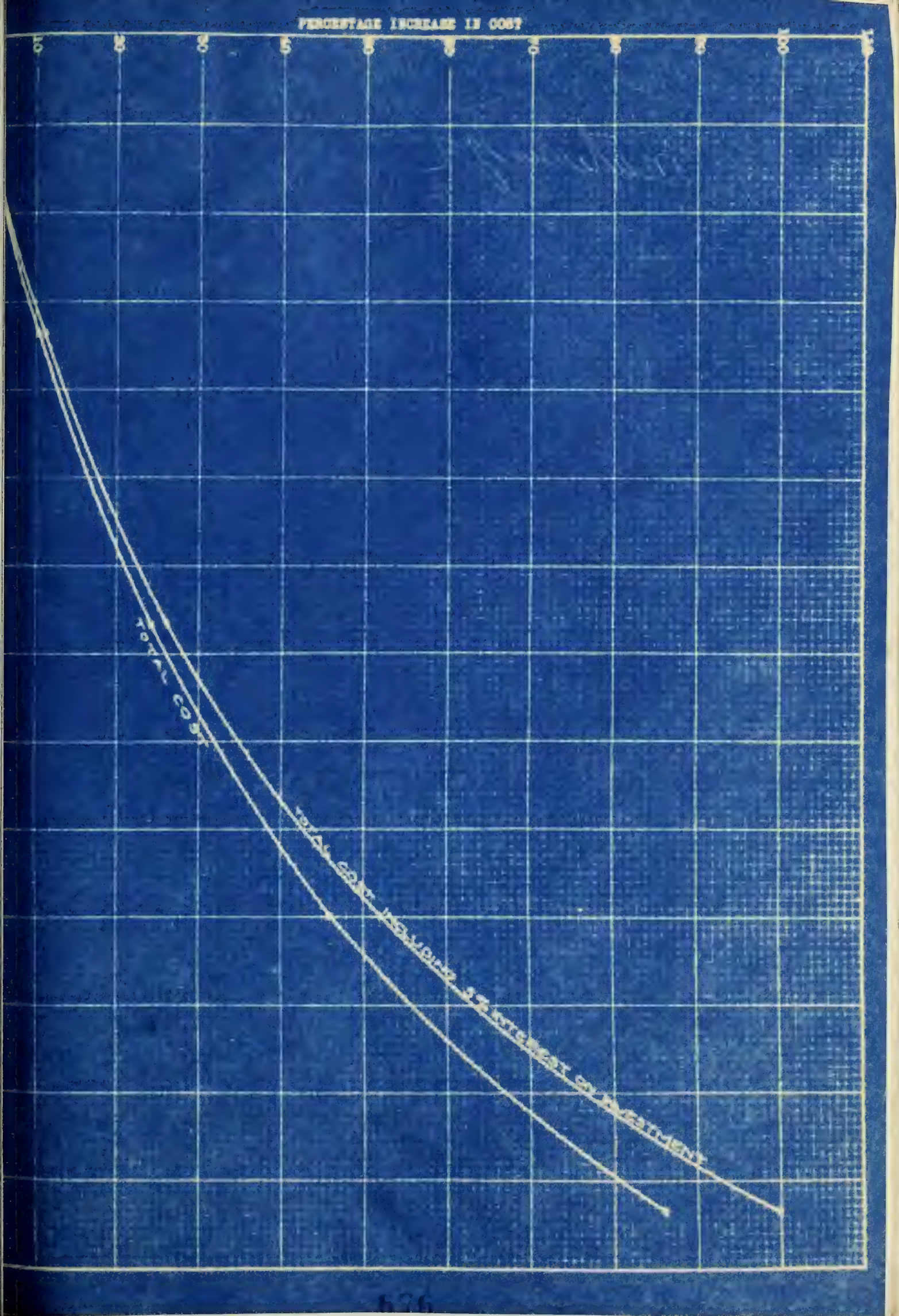
Table #5 shows the various countries using wood rosin and wood turpentine and the major product entering these countries.

Table #6 shows the major industries using the products of the steam-solvent naval stores manufacturer, and the kind of product entering into such use.

The steam-solvent naval stores industry carries on its payrolls and salary rolls in the south approximately 2,000 men. In addition to this number, probably 1,500 men are employed in the gathering of wood which is used as raw material in the industry. Some of these 1,500 men are employed solely for this purpose, but a large number are farmers who rely on this source of revenue to supplement their regular farming activities.

The operating policies of the steam-solvent naval stores manufacturers, requiring as they do large fixed organizations in the way of marketing and research men, call for a very large fixed expense. The cost of this sort of work is constant, regardless of fluctuations of production.

The attached curve illustrates clearly the effect of this fixed overhead on operating costs with relation to production. In other words, operating steam-solvent plants at capacities much below their rated capacity results in a very rapid increased cost.


PERCENTAGE INCREASE IN COST
TOTAL COST
TOTAL COST INCLUDING 5% INTEREST ON INVESTMENT

CONCLUSION:

Naval stores products have at this hearing been classified as agricultural commodities. Regardless of this classification the fact cannot be ignored that rosin, turpentine and pine oil are organic chemicals in every sense of the word. Unlike wheat, corn or other farm products, they are not used as food by men or animals, but are used as chemical raw materials in the manufacture of other commodities. We believe the salvation of the naval stores industry lies in a proper conception of the chemical properties of rosin and turpentine, and an intelligent exploitation of these properties through chemical and market research.

Any plan which may be considered as helpful to the industry must and should give serious consideration to this point. Any plan which tends to relegate rosin and turpentine to the classification and status of ordinary agricultural products necessarily means a step backward and an unnecessary retardation of progress.

The gum industry for years has been in a state of apathy. It would appear possible and practical to awaken the industry along progressive lines. The proposed marketing agreement would certainly have the opposite effect and would cause the industry irreparable injury.

TABLE NO. 1

STEAM SOLVENT NAVAL STORES INDUSTRY

SEASON	RATED CAPACITY	*ACTUAL PRODUCTION WOOD ROSIN	*TOTAL PRODUCTION GUM & WOOD ROSIN	% WOOD TO TOTAL	PRICE RECEIVED BY GUM PRODUCER AT STILL
1921-22	657,200	51,897	1,716,897	3%	$ 49.07
1922-23	637,000	165,146	1,896,146	8.7%	81.38
A-1923-24	528,000	200,400	2,081,400	9.6%	62.54
1924-25	522,000	257,331	2,022,331	12.7%	67.53
B-1925-26	542,000	284,488	1,883,488	15.1%	104.50
1926-27	522,000	365,525	2,065,525	17.7%	105.89
1927-28	542,540	409,474	2,574,474	15.9%	68.81
C-1928-29	553,120	431,654	2,296,654	18.8%	66.54
1929-30	553,120	466,787	2,547,787	18.3%	62.38
1930-31	566,280	438,926	2,438,926	18.0%	43.96
1931-32	566,280	319,470	1,984,470	16.1%	34.73
D-1932-33	583,580	369,930	2,073,330	17.8%	30.65
1933-34	-	509,277	2,297,337	22.2%	38.50
1934-35	-	495,122	2,229,122	22.2%	45.02

*Round Barrels

A - Gulfport Plant dismantled
B - Fire at Pensacola - Plant rebuilt
C - Dixie commenced operation
D - Phoenix commenced operation

NOTE: Actual production wood rosin figures include Belre. (Belre, under present interpretation of the Naval Stores Act of 1923, is not considered to be rosin.)

TABLE NO. 2

STEAM-SOLVENT NAVAL STORES INDUSTRY

Season	Actual Production of Rosin	Rosin sold to trade as special products	% of Total	Actual production Turpentine Pinene & Thinners	Turpentine sold to trade as special products	% of Total
1928-29	431,654	29,000	06.71	4,286,117	606,549	14.0
1929-30	466,787	53,280	11.41	4,841,491	859,783	17.0
1930-31	438,926	64,992	14.8	4,235,204	968,511	22.0
1931-32	319,470	113,343	35.4	2,830,660	780,256	27.0
1932-33	369,930	116,155	31.3	3,384,858	812,331	23.0
1933-34)						
)	Figures not available					
1934-35)						

These figures are based on the actual performance of two companies and estimated for other members of the industry.

Table 12.4

Population data (census figures)

Census	Population of Leeds	Leeds as a percentage of Yorkshire	Yorkshire population	Leeds as a percentage of England	England population
1801	53,162	3.4	1,563,296	0.5	10,942,646
1811	62,534	3.6	1,758,950	0.5	12,596,800
1821	83,796	4.0	2,091,521	0.6	14,391,631
1831	123,393	4.8	2,618,041	0.7	16,539,233
1841	152,054	5.1	2,984,411	0.8	18,534,242
1851	172,270	5.2	3,274,591	0.8	20,817,023
1861	207,165	5.6	3,731,551	0.9	23,128,913
1871	259,212	6.2	4,197,591	1.0	25,974,439
1881	309,126	6.5	4,753,891	1.1	27,483,720
1891	367,505	6.9	5,321,574	1.2	29,002,525
1901	428,953	7.2	5,956,875	1.3	32,527,843
1911	445,549	6.9	6,428,615	1.3	34,207,903
1921	458,770	6.8	6,750,626	1.3	36,070,492
1931	483,243	6.9	7,013,741	1.3	37,886,697
1939–45	Figures not available				
1951	510,343	6.8	7,480,628	1.3	39,952,342
1961	510,343	6.8	7,480,628	1.3	39,952,342

Census figures are based on the annual mid-year estimates of the Registrar-General's Office.

TABLE NO. 3

STEAM-SOLVENT NAVAL STORES INDUSTRY

YEAR	ESTIMATED GROSS SALES DOLLARS - ALL STEAM SOLVENT PRODUCTS	ESTIMATED GROSS SALES NON-COMPETITIVE PRODUCTS	% GROSS SALES OF PRODUCTS NON-COMPETITIVE WITH GUM
1928	$ 8,303,489.04	$1,365,089.28	16%
1929	9,312,344.18	1,534,350.94	16%
1930	7,077,293.00	1,152,574.18	16%
1931	4,978,013.60	1,388,128.84	28%
1932	3,824,740.40	1,258,511.10	32%
1933	5,945,403.84	1,772,485.12	30%
1934	7,434,247.90	1,995,084.98	27%
1935 (Aug.)	7,112,039.18	1,746,342.08	25%

NOTE: Percentage figures shown are effected by relative selling prices of rosin and turpentine and of special products. Increase in percentage does not necessarily indicate a corresponding increase in value.

TABLE NO. 4

STEAM-SOLVENT NAVAL STORES INDUSTRY

YEAR OR SEASON	ROSIN TOTAL SALES (BBLS.)	% EXPORTED	TURPENTINE & PINENE TOTAL SALES (GALS.)	% EXPORTED
1928	390,853	38.8	4,055,118	26.0
1929	475,749	41.4	4,072,759	21.0
1930	440,677	44.3	3,822,098	21.0
1931	365,844	42.0	3,338,609	21.0
1932	344,221	46.0	2,558,467	31.6
1933	484,977	45.1	3,499,763	24.3
1934	488,990	47.2	4,269,432	20.9
1935 (Aug.)	386,546	47.5	3,443,180	19.3

NOTE: Rosin and turpentine exports are taken from Department of Commerce records.

TABLE NO. 5
EXPORT

COUNTRY DETAIL
WOOD PRODUCTS

Legend
1 - Rosin
2 - Turpentine
3 - Pine Oil

1	Austria,	1
2	Azores and Madeira Islands,	
3	Belgium,	1,2,3
4	Bulgaria,	
5	Czechoslovakia,	
6	Denmark,	1,2,3
7	Estonia,	
8	Finland,	1,3
9	France,	
10	Germany,	1,2,3
11	Gibraltar,	3
12	Greece,	2,3
13	Hungary,	1
14	Iceland,	
15	Irish Free State,	1
16	Italy,	1,2,3
17	Latvia,	1
18	Lithuania,	1
19	Malta, Gozo, and Cyprus,	
20	Netherlands,	1,2,3
21	Norway,	1,2,3
22	Poland and Danzig,	1,3
23	Portugal,	
24	Rumania,	3
25	Soviet Russia in Europe,	
26	Spain,	
28	Sweden,	1,2,3
29	Switzerland,	1,3
31	United Kingdom,	1,2,3
32	Yugoslavia and Albania,	3
33	Canada	1,2,3
34	British Honduras,	1,2,3
35	Costa Rica,	1,2,3
36	Guatemala,	1,2
37	Honduras,	1,2
38	Nicaragua,	1,2,3
39	Panama,	1,2,3
41	Salvador,	1,2
42	Greenland,	
43	Mexico,	
45	Miquelon and St. Pierre Islands,	1,2
46	Newfoundland and Labrador,	1,2,3
47	Bermudas	1,2
48	Barbados,	1,2
49	Jamaica,	1,2,3
50	Trinidad and Tobago	1,2,3
52	Other British West Indies,	1,2,3
53	Cuba,	1,2,3
54	Dominican Republic,	1,2,3
55	Netherland West Indies,	1,2
56	French West Indies,	
57	Haiti, Republic of,	1,2,3
58	Virgin Islands of United States,	2
60	Argentina,	1,2,3
61	Bolivia,	1,2,3
62	Brazil,	1,2,3
65	Chile,	1,2,3
66	Colombia,	1,2,3
67	Ecuador,	1,2
68	Falkland Islands	
69	British Guiana,	1,2
70	Surinam,	1,2
71	French Guiana,	
72	Paraguay,	2
73	Peru,	1,2,3
74	Uruguay,	1,2
75	Venezuela,	1,2,3
76	Aden,	
77	Arabia,	
78	British India,	1,2,3
79	British Malaya,	1,2,3
80	Ceylon,	1,2
81	China,	1,2,3
82	Java and Madura,	1,2,3
83	Other Netherland East Indies,	1,2,3
84	French Indo-China,	
85	Hong Kong,	1
86	Iraq,	
87	Japan,	1,2,3
88	Kwantung,	1
89	Palestine,	3
90	Persia,	

TABLE NO. 1

[illegible]

[illegible]

Legend
1 - [illegible]
2 - [illegible]
3 - [illegible]

1	[illegible]	1
2	[illegible]	
3	[illegible]	1,2,3
4	[illegible]	
5	[illegible]	
6	[illegible]	1,2,3
7	[illegible]	
8	[illegible]	1,2
9	[illegible]	
10	[illegible]	1,2,3
11	[illegible]	2
12	[illegible]	1,2
13	[illegible]	1
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15	[illegible]	1
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17	[illegible]	1
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23	[illegible]	
24	[illegible]	3
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81	[illegible]	1,2,3
82	[illegible]	1,2,3
83	[illegible]	1,2,3
84	[illegible]	1,2,3
85	[illegible]	1,2,3
86	[illegible]	1,2,3
87	[illegible]	1,2,3
88	[illegible]	1,2,3
89	[illegible]	1,2,3
90	[illegible]	1,2,3
91	[illegible]	1,2,3
92	[illegible]	1,2,3
93	[illegible]	1,2,3
94	[illegible]	1,2,3
95	[illegible]	1,2,3
96	[illegible]	1,2,3
97	[illegible]	1,2,3
98	[illegible]	1,2,3
99	[illegible]	1,2,3
100	[illegible]	1,2,3

TABLE NO. 5 (Con.)

93	Philippine Islands,	1,2,3
96	Siam,	1
97	Soviet Russia in Asia,	
98	Syria,	
99	Turkey in Asia and Europe,	1
100	Other Asia,	1
101	Australia,	1,2,3
102	British Oceania,	1,2
103	French Oceania,	2
104	New Zealand,	1,2,3
105	Ethiopia,	
106	Belgian Congo,	
107	British East Africa,	1,2
109	Union of South Africa,	1,2,3
110	Other British South Africa,	2,3
140	Gold Coast,	
141	Nigeria,	
142	Other British West Africa,	2
112	Egypt,	1
113	Algeria and Tunisia,	3
115	Madagascar,	
116	Other French Africa,	
117	Italian Africa,	
118	Liberia,	2
119	Morocco,	
120	Mozambique,	1,2,3
121	Other Portuguese Africa,	1,2
122	Canary Islands,	
123	Other Spanish Africa,	

93	Multiplex Islands,	1,2,3
94	Nauru,	3
95	Novels Banned in Asia,	
96	Nyasa,	
97	Norway in Asia and Europe,	3
98	Ocean Asia,	1
99	Australia,	1,2,3
100	Petrine Theatre,	1,2
101	Pseudo Quarrels,	2
102	The Mainland,	1,2,3
103	Philippia,	
104	Philippine Coups,	
105	Printing Among Africans,	1,2
106	Printing of Books Africans,	1,2,3
107	Other Printing Books African,	1,2
108	Quia Quasi,	
109	Algeria,	
110	Other Native Book Africans,	2
111	Nauru,	1
112	Algeria and Tunisia,	2
113	Quebec,	
114	Other Treaty African,	
115	Brazilian African,	
116	Liberia,	4
117	Rumania,	
118	Personality,	1,2,3
119	Other Portuguese African,	1,2
120	Canary Islands,	
121	Other Special African,	

TABLE NO. 6

STEAM-SOLVENT NAVAL STORES INDUSTRY

(INDUSTRIAL USE OF STEAM NAVAL STORES PRODUCTS)

KIND OF INDUSTRY	
Linoleum and other floor coverings	Rosin
Paint and varnish manufacturers	Rosin - Turps. - Pine Oil
Disinfectant, Insecticide & Medical	Rosin - Turps. - Pine Oil
Ink Manufacturers	Rosin - Turps. - Pine Oil
Paper	Rosin - Pine Oil
Foundry	Rosin
Petroleum Refiners	Rosin - Pine Oil
Soap	Rosin - Pine Oil
Matches	Rosin
Meat Packers	Rosin
Electrical	Rosin
Rosin ester manufacturers	Rosin
Rubber	Rosin-Turp.-Pine Oil-Solvenol
Railroad	Turpentine
Mining (This replaces Flotation)	Pine Oil
Essential oils	Pine Oil
Textile (This replaces Sulfonated Oil)	Pine Oil
Laundry	Pine Oil
Alcohol Distillers	Alpha Terpineol
Miscellaneous, for all products	Rosin - Turps. - Pine Oil

Thermoplastics
Box Toes
Phonograph Records
Sealing Wax
Battery Wax
Optical Wax
Brush Manufacture
Batik Wax
Dehairing
Brewery Pitch
Polishes
Leather

TABLE NO. 2

[illegible]

[illegible]

[illegible]

TABLE NO. 7

STEAM-SOLVENT NAVAL STORES INDUSTRY

Some of the special products manufactured and sold by the steam-solvent industry:

Abietic Acid	Methyl Abietate
Resinates	Alpha Terpineol
Non-crystallizing and	Textile Reagents
Non-sludging rosin compounds	Perfume Reagents
Borneol	Flotation Reagents
Pinene	Disinfectant Reagents
Anethol	Insecticides
Synthetic Resins	Fenchone
Dipentene	Fenchyl Alcohol
Terpin Hydrate	Paramenthane
Dipolymer	Oxidized Abietic Acid
Insulating Board	Hercosol
Wood Preservatives	Folotex
Staybelite	Cabinol

These products have all been evolved and exploited with the idea of creating new uses for naval stores.

TABLE No. 2

PENINSULAR NAVAL STORES COMPANY,

Naval Stores Factors and Wholesale Grocers

Jacksonville, Fla. October 31st, '35.

Secretary of Agriculture,
Washington, D. C.
Dear Sir:

The result of the Marketing Agreement for Naval Stores in effect for the past two seasons, has fully convinced me that it is unworkable. The proposed new Marketing Agreement now under discussion and containing essentially the same features will also be a failure. It may be claimed that the suspended Marketing Agreement could not have stood the test in the courts and the Secretary, therefore, did not prosecute the violations which had been committed whereas the New Marketing Agreement is written in accordance with the provisions contained in the Amendments of the Agricultural Adjustment Act, recently passed by Congress and can now be enforced in the Courts. I am of the opinion that this will not stop violations. It was not known for a long time after the last Marketing Agreement became operative, then suspected and only a few months before its suspension accepted as a certainty that it was not legal and yet wholesale violations were practiced from the beginning. Violations will continue under the proposed Agreement for the reason that a producer will not permit regulation if he has the money and the timber. Besides the regular processors who own or lease timber, there are a great many individuals who own small tracts of timber and whose existence depends upon the working of it. How will you regulate 10,000 of such small producers? Large cities receive already a substantial part of their supplies by trucks. The difficulties of inspecting such shipments for tags are apparent. Gum Naval Stores are not harvested like Cotton, Wheat and other commodities which have to be planted every year. While pine trees have to be worked in order to produce rosin and turpentine, they are already in existence and every long leaf and slash pine, as soon as it reaches workable size, attracts the turpentine producer. It is certainly a fact that good workable timber is in strong demand and will be bought and worked if the owner wishes to lease, Marketing Agreement or no Marketing Agreement.

I contend that the Gum Naval Stores Crops cannot be regulated through allotments to individual producers. As already pointed out a producer will produce according to the timber and money which are at his disposal. If he produces less, his neighbor will not and in addition will buy up the timber which he should have or in which he should share. In a few years he will be out of timber, which means out of business. The Allotment system has brought about the most inequitable conditions imaginable. So far as the customers of my Company are concerned, it has affected a large majority most disadvantageously. We felt already in 1930 that the crops should be reduced in order to prevent the sharp fall of prices which later came to pass. We advised our producers to curtail their productions. Others did not follow such a logical policy. The

Secretary of Agriculture,
Washington, D. C.
Dear Sir:

The result of the meeting announced for April 31st in Room 1010 of the Department Building, has fully convinced me that it is impossible. The proposed new marketing agreement may under circumstances and controlling eventually the cane factories will stop be a failure. It may be claimed that the commercial marketing agreement would not have about the best in the country and the industry. However, all the producers the vicinity would have signed the new marketing agreement in writing in accordance with the provisions contained in the amendments of the Agricultural Adjustment Act, recently passed by Congress and can now be enforced in the Courts. I am of the opinion that this will not stop violations. It was not known for a long time after the Act Marketing agreement became operative, then suspected and only a few months before the marketing agreement on a voluntary duty it was not legal and yet wholesale violations were practiced from the beginning. Violations of all agreements under the proposed agreement for the coming six or a grower will certainly regulation if he has the money and the time. Besides the regular violations etc. one or three times, there are a world many individuals who own small tracts of timber and whose relations depends upon the working of it. The mill pay regularly $2,000 of such small purchases every twelve already a substantial part of their supplies by tracts. The difficulty of keeping such minutes for that one apparent. Our legal fibers are not portrayed like fishes, their and other commodities must have to be placed every year. While trial have to be varied in order to produce rush deliveries, they are already in existence and every load and slash pile, as soon as it reaches market size, attracts the inspective attorney. It is mostly a fact that good merchantable timber is in strong demand and will be bought and worked if the owner wishes to have, hurried agreement or no hurried agreement.

I contend that the Department should be regulated through alleged to injurious practices. An already painful & producer will suffer according to his timber and money which are in his disposal. If he produces more, his relations will not and is entitled will help up the timber which he should have to in which there. is a few years he will be rid of timber, which means out of business. The Alliance system has brought about the most impossible practices imaginable. So far as the testimony of my district are concerned, it has affected a large majority most disadvantageously. My full rights in life's one single should be reduced in order to prevent the sharp fall of prices which later came to pass. We adjusted our purchases to actual their production. Others did not follow such a logical policy. The

result was that our producers' allotments were based on their reduced productions, whereas all other producers who disregarded economic conditions were permitted to produce on basis of their well maintained productions. And yet our producers did the logical and proper thing adopting the same policy which is the heart of the suspended and proposed Marketing Agreements.

Some may entertain the belief that the R.F.C. loans benefited the Naval Stores producers. I do not deny that they were the cause of temporarily better prices, but undoubtedly also increased production. These loans, therefore, cannot be called a benefit to the industry, how much harm they will cause when the realization of the accumulated stocks of 150,000 barrels turpentine and 300,000 barrels rosin has to be undertaken, cannot now be estimated.

The provision that no living pine trees less than 9 inches in diameter at a point 4½ feet above the ground shall be worked, appears in the proposed Marketing Agreement, but does not seem to be included in the Order. Must I conclude therefrom that such a provision cannot be legally enforced?

In view of the fact that a control of crop by coercive measures through allotments is in my opinion, unworkable, I am definitely opposed to the proposed Marketing Agreement with Order.

Yours respectfully,

/s/ H. Weibert
President

W/B

State of Florida, # SS:
County of Duval , #

I, H. Weibert, being first duly sworn, depose and say,

That I am the party who has signed the foregoing statement and that all or any statements of fact therein contained are true to the best of my knowledge and belief.

/s/ H. Weibert

PENINSULAR NAVAL STORES COMPANY,
Jacksonville, Florida.

Seal

/s/ E. H. Williams
Notary.
Notary Public, State of Florida at Large
My commission expires May 22, 1938

GEORGIA PINE TURPENTINE COMPANY

Works
Fayetteville, N. C.
Collins, Ga.

FAYETTEVILLE, N. C.

November 7th, 1935.

Chief Hearing Clerk,
Agriculture Adjustment Administration,
U.S.Department of Agriculture,
4725 South Building,
Washington, D. C.

Dear Sir:

We are manufacturers of Pine Products by the Destructive Distillation process with plants located at Fayetteville and Collins, Georgia.

Our company, however, does not manufacture rosin, but produces Destructively Distilled Wood Turpentine as a by-product. The quantity of turpentine is quite small in comparison with Pine Tar products and Charcoal which are our main products.

We think it is unjust to retard us on the manufacture of goods for which there is a demand simply because of the fact that in this same process we produce a small quantity of wood turpentine.

For the above reason we strongly protest any type of control governing the manufacturers of Pine Products by the Destructive Distillation process.

Very truly yours,

GEORGIA PINE TURPENTINE CO.

/s/

AGM:mjr Alton G. Murchison, Mgr.

NOTARIZED STATEMENT

Alton G. Murchison, personally, appeared before me this day and being duly sworn says he is manager of the Georgia Pine Turpentine Company located at Fayetteville, N. C. and that he wrote the above letter and herewith subscribes to statements therein.

Sworn to before me this seventh day of November, 1935.

/s/ Alton M. Mbayor
Notary Public
My Commission expires Nov. 3, 1936

[illegible]

[illegible]
[illegible]
[illegible]

[illegible]

[illegible]

Dear Sir:

[illegible]

Our company, however, does not manufacture grain, but imports Spearatively Identified Food Companies as a by-product. The quantity of materials is quite small in comparison with that the [illegible] and Chemical which are used [illegible].

We think it is solved by [illegible] on the [illegible] people for which there is a keenly [illegible] of [illegible] in this case [illegible] small quantity of [illegible].

[illegible] for the above reason is already [illegible] type of material [illegible] the manufacturers of Item Twelve by the Industrial Chemicals [illegible].

Very truly yours,

[illegible]

[illegible] Alex G. Carnelian, Mgr.

[illegible]

Alex G. Carnelian, [illegible] [illegible] [illegible]

C O P Y

THE RETORT CHEMICAL COMPANY

Distilled Pine Products

Gainesville, Florida.

November 6, 1935.

Chief Hearing Clerk,
4725 South Building,
Department of Agriculture,
Washington, D. C.

Gentlemen:

We were not represented at the hearing in Jacksonville for the Naval Stores Producers. It is impossible for us to concur in any marketing restrictions for the turpentine we manufacture. Our production is governed by our success in disposing of other products, principally Pine Tar. Our production of turpentine is not governed by market conditions; it is a by-product, vitally important, however, in the success or failure of our operation. If our effort to dispose of turpentine were restricted this condition might make it impossible for us to continue production. We do not manufacture rosin.

Of course, you are aware that numerous turpentine (and rosin) substitutes are making serious inroads on the present markets. We see no reference in the proposed marketing agreement to restrict the manufacture or sale of thinners to replace turpentine. As this a parently is not considered, what will prevent further inroads, especially if the production of turpentine is restricted and results in an artificial market.
We are unable to see the benefits from the proposed marketing agreement and proposed order for the handlers of Naval Stores.

Yours very truly,

C. E. Haines
President

CEH:P

CARL

Tennessee Centennial Exposition

Nashville Tire Company

Nashville, Tennessee.

January 8, 1936.

Chief Burning Wires,
Fire Tools Building,
Exposition of Industry,
Washington, D. C.

Gentlemen:

We were not interested at the meeting in Jacksonville for the Naval Stores Products. It is impossible for us to engage in any marketing restrictions of the variety we understand. Our products is governed by laws enacted in Maryland of this product, primarily that the, that production of turpentine is not governed by market conditions; it is a by-product, primarily important, however, in the manufacture of rosin operations. It only exists to dispose of impurities that are by-products. We do not manufacture rosin.

Of course, you are aware that numerous interests (and rightly so) activities are making serious inroads on the present markets. We see no reference in the proposed marketing agreement to regulate the acquisition or sale of fixtures in involved turpentine. As this is especially is not considered, this still presents further license, especially if the question of fixtures is considered and results in an artificial market.

We are unable to see the benefits that the proposed marketing agreement and program might for the benefit of Naval Stores.

Yours very truly,

E. J. Delano

CARL

SUPPLEMENTAL STATEMENT BY R. M. NORTON

ON PROPOSED MARKETING AGREEMENT FOR NAVAL STORES HANDLERS

Article IV, Section 3, Paragraph 6 (a). Section 11 of Article V of the Amended License for Gum Turpentine and Gum Rosin Processors, effective December 31, 1934, provided that no application for allotment to a new processor shall exceed one thousand units. This limitation is highly desirable, as it prohibits some large operator with a large area of land filing an application for an allotment as a new processor of several thousand units. He would have sufficient timber and finances to comply with the requirements, however, he might have no intention of producing such an amount. He would plan to receive, however, a prorata of the volume applied for so that his actual allotment would be 100% of his expectation. This manifestly would be unfair to those who are applying for a much smaller allotment. We, therefore, suggest that Article IV, Section 4, Paragraph 6 (a) be amended by adding "Provided, however, that no such application shall exceed one thousand units."

- - - - -

STATE OF FLORIDA)
) ss
COUNTY OF DUVAL)

Personally appeared before me this day an officer duly authorized to take acknowledgments and administer oaths, Carl F. Speh, who after being by me first duly sworn deposes and says: That, he is Secretary to the Control Committee of the Marketing Agreement for Gum Turpentine and Gum Rosin Processors; That, he has read the above and foregoing statement, knows the contents thereof and that to be true, and upon such information and belief he believes them /the matter therein contained, upon information and belief avers that such matters and things are true.

/s/ Carl F. Speh

Sworn to and subscribed before me this 12th day of November, A. D. 1935, at Jacksonville, Florida.

/s/ J. T. Perry
Notary Public, State of Florida at Large
My Commission Expires Nov. 19, 1935

Gresston, Georgia.
November 5, 1935.

Office of the Hearing Clerk
United States Department of Agriculture
4725 South Building
Washington, District of Columbia

Gentlemen:

I am bitterly opposed to the Proposed Marketing Agreement for turrentine and rosin processors, which was given a hearing in Jacksonville, Florida, October the 31st, 1935, and November 1st and 2nd. Such a proposed agreement is against the Constitution of the United States of America.

I am a democrat. The government of the United States was founded on the principals of "Do unto others as you would have them do unto you".

In unity there is strength, divided we fall.

Gentlemen of the hearing committee, this is what a few of the big processors of the turpentine and rosin industry is wanting to do to the small processor, see them fall.

It is big "I" and little you with them. Now this proposed agreement says that a new processor must be in shape to erect a still and quarters. In other words, he must have as much money at the age of twenty-one or younger, that a man is supposed to have at the age of fifty years or older. I believe in giving the young people a chance to advance, not crushing them. God did not intend for the old to put the young man in the background.

Brooklyn, New York

November 9, 1920.

Office of the Boxing Clerk

United States Department of Agriculture

4750 Tower Building

Washington, District of Columbia

Gentlemen:

I am directly opposed to the proposed boxing agreement.

The enforcing of such provisions, which are given a boxing in

Jacksonville, Florida, October the 31st, 1920, and November 1st and

2nd. Such a revoked agreement is against the Constitution of the

United States of America.

I am a boxer. The government of the United States was

founded on the principle of "To make others as you would have them

do unto you".

In many times is wrought, divided we fall.

Opinions of the boxing committee, this is what a fix at

the big grossness of the television and radio industry is working

by on the small investor, see this fall.

It is big "Z" and little pre with them. The fair proposed

agreement says that a new promoter must in to stage to start a still

and welfare. In other words, he must have so much money or the age

of thirty-one or fifteen, that a man is required to have at the age

of fifty years or older. I believe in giving the young people a

chance to advance, not crowding them. God did not intend for the

old to put the young ones in the background.

When Christ was asked the question, who is the greatest in the Kingdom of Heaven, he did not take an old baldheaded man and sit him in the midst of them, he took a little child, and said, "A little child is the greatest of them all." Christ also said, "A little child shall lead them". Christ intended for a little child to grow up and have an equal chance with any one.

Christ did not intend for this child, grown into young manhood, to be held back by a proposed marketing agreement.

If this cut production program is right why was Joseph given the brains to read the hand-writing on the wall, or in other words interpret the dreams of King Pharaoh. Seven years of a bountiful harvest followed the interpretation of that dream. That dream was interpreted by a young man after the old men had failed. The problem was too great for the old men to solve.

Article 4, Section 2, Paragraph 3, Page 19 in the Proposed Marketing agreement says no pine tree shall be cupped under nine inches in diameter, four and one half feet from the ground. I refer you to the fourteenth Chapter of St. Matthew, when the multitude had waited all day to see Christ, it was late in the evening, they were tired and hungry, Christ refused to send the multitude away hungry. Did Christ call on an old man to help feed them? No, a small child was standing near with a basket on his arm; in this basket was five small loaves of bread and two small fish; Christ took these two small fish and five loaves of bread, gave thanks and fed about five thousand men besides women and children.

Not with a whale gentlemen but with two small fish and five loaves of bread. If we have timber that is too thick to grow, even if it is not nine inches in diameter, four and one-half feet from the ground, give God the thanks for letting it grow there, work it and help feed our families and our laborers' families.

After Christ fed the multitude, he had them to gather up the fragments, save everything, they gathered up twelve basketfuls, all this came from five loaves of bread and two fish. Should we cut down our pines, because they are too thick? Because they are not nine inches in diameter and four and one-half feet from the ground? No, this is contrary to the teachings of the Bible; Article 4; Section 2; Paragraph 2; Page 19, says all Naval Stores delivered for sale in Jacksonville, Florida, or Savannah, Georgia, shall be sold only through the Jacksonville,Chamber of Commerce, or through the Savannah Board of Trade. This is very unfair, I, seriously, object to this because a big processor ships his turpentine in tank car lots; his rosin by the freight car loads.

Gentlemen, his turpentine and rosin have never been smelled by the Savannah Board of Trade or the Jacksonville Chamber of Commerce.

I know a big processor who built a large enough building, to sit two stills under the same roof; put up tank cars to hold his turpentine, bought metal barrels to hold his rosin on his still yard. Gentlemen, of the Hearing Committee, does a big processor like that need to go to Washington, D. C. sit up in a hotel room, go to the grand old capitol of the United States of America and beg our Honorable President Franklin D. Roosevelt, and the Honorable Henry A. Wallace to help them? This help being compelled to come out of the

pockets of the poor land owner and the tax payer.

No, they don't need help from the government, they need to go back to the teachings of one of the old deciples, who said, "I have never seen the righteous forsaken or his seed begging bread". We small processors haven't the money nor the time to spend in Washington begging for help. All we ask is to be let alone, let us mind our own business and we will carry out the instructions of the Bible, where it says, "Thou shall eat bread by the sweat of thy brow".

Respectfully submitted,

/s/ Mrs. Doris Cox (I.S)

Sworn to and subscribed before me this the 8 day of Nov. 1935.

/s/ H. A. Pierce, J.P.

Gresston, Georgia.

November 7, 1935.

Hearing Clerk
United States Department of Agriculture
4725 South Building
Washington, D. C.

Dear Sir:

In reference to the hearing of the Proposed Marketing Agreement held in Jacksonville, Florida, at 9:30 A. M., beginning October 31, 1935, I wish to say I oppose any kind of control agreement. I am bitterly opposed to the proposed so-called agreement because of the following chief reasons:

-1-

Article 4; Section 2; Paragraph 2; Page 12 of the Proposed Agreement states: "All naval stores delivered for sale in Jacksonville, Florida, or Savannah, Georgia, shall be disposed of only by sale through the Jacksonville Chamber of Commerce or over the Savannah Board of Trade.

This would be all right for but one big objection that I have to this particular paragraph. What about the Naval Stores that never see Jacksonville, Savannah or any other of the Southern parts?

Many large processors, making hundreds or thousands of units of turpentine, do not ship through any of these receiving points. The processors ship direct to the consuming points by the freight carloads and tank carloads. Most of this turpentine is never heard of at Jacksonville or Savannah.

Sterling Clark
United States Department of Agriculture
4200 South Building
Washington, D. C.

Dear Sir:

In reference to the meeting of the Proposed Marketing Agreement Area in Tuskaneville, Florida, at 9:30 a. m., Wednesday October 31, 1939, I wish to say I cannot say what my actual agreement. I am already opposed to the proposed agreement because of the following chief reasons:

-2-

Article 4: Section 3: Paragraph 3: Page 17 of the proposed Agreement states: "All peanut stores delivered for sale in Tuskaneville, Florida, or Savannah, Georgia, shall be disposed of only by sale through the Tuskaneville Chamber of Commerce or upon the Savannah Board of Trade."

This would be all right for me can say definitely that I have no this particular reference. Just about the Local Stores that serve the Tuskaneville, Savannah or any other of the Counties permit

Many large peanut-men, making investments of thousands of dollars at Suppertime, do not only support any of these receiving points. The purchase only direct in the proposed region by the Trading Agencies and that marketing. Most of this tonnage is never heard of at Tuskaneville or Savannah.

Whereas, the small processor, who doesn't make enough to ship direct, nor finance his place independently of the factorage houses, must ship his turpentine and rosin to the named points to be checked. I think this very unfair, as it gives the large processor a decided advantage over the small processor.

Article 4; Section 2; Paragraph 3; Page 19 of the Proposed Agreement provides that no trees under nine inches in diameter four and one-half feet from the ground shall be worked, unless the leases and contracts were executed prior to February 20, 1934.

I think, that regardless of the date that leases, contracts or deeds of any kind were made, if the land of timber belongs individually to the processor or if the land owner so desires it, the processor should be free to work any kind of timber and any size he wants to work.

I know from observations that slash pines, six to nine inches, will certainly make more profit for the processor than long leaf pines twelve or fourteen inches in diameter.

If the timber is too thick, cupping it out will surely be better method of thinning than cutting it down to rot. However, I am not in favor of working these trees under about twelve inches if they have plenty of space between them to grow properly. Otherwise, I am in favor of working the trees under nine inches in order that you may get some benefits out of the timber while thinning it.

There are several cases where men are making a livelihood for themselves and their families, from working these small trees where they are so thick they will not grow.

Article 5; Section 2; Page 19 of the Proposed Agreement states that after the due notice and hearing, and upon the execution of the proposed amendment by the handlers, who during the preceding year handled sixty-seven per cent of the naval stores for that year. The Secretary may approve said amendment.

This is certainly not right and very unfair. This means voting by the power of production or volume and not by power of number of processors as we should. The large processor who makes ten thousand units will vote nine thousand times more than the man making one thousand units. This is ninety per cent more.

Therefore, it wouldn't take but a few real large processors to overrun the majority who are small processors. The big processors are the leading ones fighting for the proposed agreement.

Then, the Southern people are about the most independent democratic people of the world. They certainly don't want and won't stand for this so-called agreement nor any other kind of proposed control.

If the vote on the Proposed Agreement was counted by a number of men and not by power of production, I feel sure that at least eighty-five per cent of the processors will vote against it, as feeling is surely running high against the proposed agreement.

In conclusion, I wish to say that I am whole heartedly opposed to this proposed agreement or any other proposed control, or loans from the government. These loans on the turpentine and rosin are actually harmful as they cause a bigger holdover for the year and

may be placed on the market at any time. I am in favor of getting rid of every bit of this controlled rosin that the government owns and getting through with it and any kind of control or so-ca led agreement.

In regard to myself, I wish to say that my father is dead. He was killed in the War. I am only eighteen years old and am trying my best to get a start in life. I have no one to back me up for any kind of deal in any way. I work my own two hundred acres of land and produced last year, eighteen units of turpentine. I received an allotment of only eight units. Will you show me some large processor who received allotments for only one-half of what he produced? No, you can't, because there aren't any.

I hope I have convinced you that the Proposed Agreement is unfair. It is simply a device of the very large processors and will absolutely not work for the smaller processor, of which I am one.

Respectfully submitted,

/s/ John E. Parkerson (L. S)

Sworn to and subscribed before me this the 8 day of Nov. 1935.

H. A. Pierce, J. P.

PROTEST AGAINST MARKETING AGREEMENT FOR GUM TURPENTINE AND GUM ROSIN

Article 4; Section 2; Paragraph 2; of Marketing Agreement provides that all Naval Stores delivered by contracting handlers, for sale in Jacksonville, Florida, or Savannah, Georgia, shall be disposed of only by sales through the Jacksonville Chamber of Commerce or the Savannah Board of Trade.

The small processor has to ship his naval stores in small lots to the ports where it would have to be handled as prescribed in the above named article.

The large processor ships large amounts of his naval stores direct from his still, to the consuming points in the United States. This naval stores is never heard of at the Board of Trade nor Chamber of Commerce.

The above would be unfair to the small processor.

I have had under observation for several weeks a growth of young slash pines that are very crowded. The man that owns it is dependent on this timber to support his wife and children.

He cupped this timber about three years ago to try and thin it in that way. He left plenty not cupped. The trees he cupped were six to eight inches in diameter four and one-half feet from the ground.

The trees were about eight to ten years old when cupped.

Turpentining this timber out will leave plenty on the ground, as it needs thinning very badly and at the same time is supporting families.

There are cases of this kind where it is necessary to thin timber by the above method.

There are plenty of cases that parallel the one outlined above.

Article 4; Section 4; Paragraph 7; would cause much unemployment, pain and hunger by limiting production, you limit jobs on the turpentine farm.

Then, to cut the production would cut the wages of the common worker. He can't get as much work to do, but yet his living expenses are just as high as ever.

The small processor is not the one that has over produced.

I have a stepson, the only thing he owns is a little turpentine timber. He worked last year trying to pay his way to school. I processed it for him. He made seventeen units but his allotment was only eight units. This boy is honest, hard working and intelligent. He is about eighteen years old. He hasn't any money, but will make good if allowed a fighting chance.

There are hundreds of cases that will parallel this one. It would be very unfair for the large wealthy processors to put in force a so-called agreement that will force the young man, that hasn't wealthy parents, to stop and stand still for years, while the old processor that makes thousands of units will prosper by it. Such an agreement would be unfair to the small processors at any age. The allotment system referred to in the above paragraph will not give a fair deal.

I, myself, am a processor making two hundred units per year. If you want to cut the production, why not cut the two hundred unit men and all above.

Respectfully submitted,

/s/ O. W. Cox (L.S)

Sworn to and subscribed before me this the 8 day of Nov. 1935.

/s/ H. A. Pierce, J. P.

AMERICAN TURPENTINE & TAR COMPANY, LTD.
DISTILLED
PINE AMERICAN PRODUCTS

NEW ORLEANS, LA. November 8, 1935.

United States Department of Agriculture,
Chief Hearing Clerk,
4725 South Building, USDA,
Washington, D. C.

Dear Sir:

We want to file our objection to any sort of a proposal to control the operation of the destructive distillers of pine wood.

Our industry makes no Rosin. The amount of Turpentine produced is small and would have no bearing on the actual production of Naval Stores. Our production is predicated on demand for our principal products which are Pine Tar, Pine Tar Oil and Charcoal.

It would be very detrimental to our industry to put it under control of the AAA, and would not help the producers of Gum Naval Stores in any way. We, therefore, beg that you will do nothing to hamper our industry along these lines.

Yours truly,

/s/ C. E. Meriwether, Jr.

Sec'y-Treasurer
AMERICAN TURPENTINE & TAR CO LTD

Subscribed and sworn to before me

this 8th day of November 1935

/s/ Percy S. Benedict
Notary Public

Nov. 8, 1935

Chief Hearing Clerk,
Agricultural Adjustment Administration,
U.S.Dept. of Agriculture,
4725 South Bldg.,
Washington, D. C.

Dear Sir:-

In connection with public hearing held in Jacksonville beginning Oct. 31st with the view of determining the advisability of having a marketing agreement for naval stores, as manufacturers of distilled pine products by the destructive distillation process we desire to point out that we manufacture no rosin. Turpentine is a by- product incidental to the manufacture of our volume products such as pine tar and charcoal. Irrespective of the market price of turpentine our production is not effected. In the circumstances we are opposed to any control program or marketing agreement which would limit the production of turpentine in our operation, which, as stated above, can be properly classed and is a by-product with us.

Yours very truly,

[illegible] PINE CHEMICAL COMPANY

/s/ By:
(Raymond S. Harris) Manager

RSH:MS*

Sworn to and subscribed before me this the
eighth day of November, 1935

/s/ Geo. W. Mozo
Notary Public
Notary Public, State of Florida at Large
My Commission expires Dec. 29, 1935.

OPPOSITION OF THE SULPHATE WOOD TURPENTINE INDUSTRY TO THE PROPOSED AGREEMENT BETWEEN NAVAL STORES HANDLERS AND THE SECRETARY OF AGRICULTURE. FORMAL HEARING JACKSONVILLE, FLA. OCTOBER 31, 1935.

Strong opposition by Wood Turpentine and Wood Rosin producers, as well as by a large number of gum producers, was brought out by a public hearing in Jacksonville, Fla., beginning November 20, 1933. At that time the proposed "Marketing Agreement" by certain gum interests received a thorough airing with little if any real facts favoring an agreement brought out.

Opposition on the part of these producers was based on the belief from actual experience that any Marketing Agreement featuring control of the Industry would fail, that its principles were basically unsound, unworkable and impractical of reasonably uniform and impartial enforcement. Over these protests a Marketing Agreement was set up by the Government in February 1934, and was finally suspended by order of the Secretary of Agriculture because its control provisions were impossible to enforce.

The results of this control program or Marketing Agreement are well known, for not only did the production increase instead of decrease, but the per unit prices decreased in like proportion until the license was suspended in August 1935. Stocks also at ports and interior points consistently increased under this agreement. To further add to this unfavorable condition exports have shown a decided decrease in spite of general improved conditions here and abroad, and foreign production has been increased to a marked degree.

A disturbing factor against a stable market is seen in the large

stocks held by the Commercial Credit Corporation on loans advanced to the gum producers, and the belief that such stocks as show deterioration will be placed on the market to prevent loss to the Government. Disposition of these stocks is proving a real obstacle to an improved marketing condition.

This new agreement embodies all the provisions of the old agreement regardless of past experience and with the added provision that the Sulphate Wood, Steam Solvent and Destructive Distilled Turpentine Producers should be classed as agriculturists on the same basis as the gum producers.

The fundamental principles of the Agreement as regards our Industry in relation to the Gum Industry are unsound and we believe unconstitutional. We do not believe that, as American citizens, our Industry would submit to any setup appointed and controlled by the Secretary of Agriculture. Fostered by loans and subsidies it is bound to fail, not only in purpose, but in results.

The salvation of any industry is in its own efforts or initiatives backed up by intelligent application of sound business principles, not only enlarging the present markets but in the development of newer and larger uses for their basic products. It cannot be accomplished through government control and government subsidy. Merchandising practices must be radically changed if the gum people are to accomplish any great amount of results. When a product is bought and not sold, the outlets of the same can be limited to the demand created only by the properties of that particular product. We believe that a well managed and organized cooperative marketing association as suggested at the beginning of this whole

matter could be of great help to the Industry as a whole. We do not believe any good can come of a coercive governmental control agreement and its sanction here will eventually mean the ruin of the industry. Any organization or control committee must have the manipulative processes necessary for the completion of the particular job assigned to them. We do not believe that past experiences are sufficiently confincing to entrust the fate of any one industry in the hands of a small number of appointees. So much for the Naval Stores Industry in general.

Speaking for the Sulphate Wood Turpentine Industry in particular, we have failed to find a place in any marketing agreement which:

1. Would class us as agriculturists where conditions of manufacture and sales of our product are so foreign to gum production and sales that any connection between the two seems entirely irrelevant.

2. Would place limitations upon a product which is incidental to the manufacture of pulp and paper and being produced as a natural function in cooking sulphate pulp.

3. Would restrict in any amount this by-product and mean its destruction, thereby involving an economic waste unjustified and unwarranted by the circumstances in the case.

4. Would prevent its production which is a valuable contribution to the conservation of our natural resources and which represents successful attempts to utilize a former mill and forest waste.

5. Would prevent the marketing of a naval stores product produced alone without the production of any competing products.

6. Would restrict the production according to seasonal yields measured by gum production. Production is neither seasoned nor cyclic and varies but little over the year. Due to pulp capacities limited by mutual agfeement for the benefit of the Paper Industry and factors of production per digester unit and capacities of mills now, more than sufficient to meet the demands of trade, it is not possible under the circumstances to increase our production at will. This production represents a negligible percentage of the total and would not have any possible reflection upon the Naval Stores Industry as a whole, one way or the other.

Finally we are convinced that we have no place in any marketing agreement and are unanimously opposed to this proposed Agreement on the grounds that it is both unconstitutional and economically unsound. That in spite of needs for reform and intelligent promotion of the industry, this proposed Marketing Agreement does not offer any hope of accomplishment.

/s/ G. R. Tennent

Sworn to and subscribed before me,
this, 11th day of November, 1935.

/s/ J. L. Lutz
Notary Public

My commission expires July 30, 1939.

STATEMENT BY
R. M. NEWTON, WIGGINS, MISSISSIPPI, CHAIRMAN
CONTROL COMMITTEE FOR GUM TURPENTINE-GUM ROSIN PROCESSORS
ON A PROPOSED MARKETING AGREEMENT FOR HANDLERS OF NAVAL STORES
OCTOBER 31, 1935.

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The Naval Stores Industry is that industry which produces and distributes naval stores as defined by the Naval Stores Act and standards established thereunder, in addition to refined or partially refined oleoresin. Naval Stores are divided into two general groups depending upon the method of production and the raw materials, i. e., gum naval stores and wood naval stores. The more important of these two groups is the gum naval stores, the products of which are cleaned gum, gum spirits of turpentine and gum rosin. The source of these products is the living Southern Yellow Pine. The raw material is the oleoresin or crude gum which exudes from the living pine tree as a result of intentional systematic scarifying. Such scarifying consists in removing a small portion of the living wood each week throughout the producing season, thereby setting up a flow of the oleoresin. This oleoresin, known in the industry as "dip", is essentially a solution of the resin acids in the spirits of turpentine composed of terpenes and terpene derivatives.

The crude gum flows over the face, which is the composite group of scarifications or "streaks", into the collecting receptacle or cup. When this cup is filled it is emptied or "dipped". This crude gum is collected into large barrels and hauled to the still for processing. The processing consists merely in the separation by distillation with water of the spirits of turpentine which is volatile from the composite resin acids, known to the trade as rosin.

As the crude gum flows over the face on its way to the cup there is a certain amount of evaporation and polymerization with a result that the gum may become too viscous to flow so that a portion adheres to the face as a mass of white crystals. This product is the same as the dip, but contains a lower percentage of the liquid product. It is removed from the face by scraping and hence is known in the trade as "scrape."

Due to the exposure and nature of production, the crude gum becomes contaminated with foreign matter such as rain water, dust, sand, bits of bark, pine-needles and wood. There is now arising within the industry the realization that these foreign materials are detrimental to the production of the best grades of products and, therefore, methods are being developed to purify and refine, to varying degrees, this crude oleoresin. This refined or partially refined oleoresin is available to be separated into the two products, turpentine and rosin, or it may move as oleoresin to the consumer to be used in the manufacture of finished products, in such instances largely replacing turpentine and rosin.

Another product of the gum industry is that known as "reclaimed rosin." The molten rosin remaining in the still from the production of gum turpentine is, of course, contaminated with fine bits of bark, needles, etc. It is necessary to remove these before the product is merchantable. This is done by straining the molten rosin through wire strainers and finally through several layers of cotton batting. Naturally all of the rosin is not drained from the batting and consequently this mass known as "batting dross" containing approximately 80% by weight of rosin has a commercial value. It is sold for the purpose of recovering the rosin which is done by a simple extraction using a solvent. The solution is filtered and the solvent recovered by evaporation and condensation, leaving a residue which is marketed as reclaimed rosin.

The second group, the wood group, is in turn divided into three classes, depending upon the method of production of its products. The process of production here consists of the preparation of the raw material "light wood" and stumps of the Southern Yellow Pine by shredding, charging into a digester, subjecting to live steam which removes the volatile spirits of turpentine and pine oil. The residue is treated with a solvent which dissolves the rosin and the remaining pine oil. The volatile product is refined by a column still and caustic, and separated into the two products, steam distilled wood turpentine and steam distilled pine oil. The solution of rosin is filtered or purified in some other manner and the solvent removed by evaporation, also separating in this manner the pine oil extracted by the solvent. The residue from this evaporation is the wood rosin.

The second class of wood naval stores is produced by destructive distillation. Here again the raw material is the "light wood" and stumps. However, in this process the wood is not shredded but loaded into cars and placed into closed retorts where it is subjected to heat, bringing about a destructive distillation. The products are crude wood turpentine, crude pine oil, tars, pitches and charcoal. The crude wood turpentine is refined and marketed as destructively distilled wood turpentine. This process produces no rosin.

The third class of wood products is that obtained during the manufacture of paper pulp from Southern Yellow Pine by the sulphate process. The product is the by-product obtained by condensation of escaping vapors during the cooking process. The product is refined and marketed as sulphate wood turpentine. This process produces no rosin.

The 1934-35 Annual Naval Stores Report issued by the Bureau of Chemistry and Soils shows the production of turpentine and rosin by groups for the three seasons 1932-35:

PRODUCTION

	TURPENTINE (BBLS. 50 GALS.)			ROSIN (BBLS. 500 LBS.)		
	1934-35	1933-34	1932-33	1934-35	1933-34	1932-33
Production						
Gum	510,000	526,000	501,000	1,700,000	1,753,000	1,670,000
Reclaimed	-	-	-	34,000	35,060	33,400
S. D. Wood	77,494	83,561	61,515	495,122	509,277	369,930

Another product of the gum industry is that known as "reclaimed resin." The method used in the mill from the production of gum turpentine is, of course, accompanied with loss from evaporation, etc. It is necessary to remove these before the product is marketable. This is done by steaming the resins through the chambers and flowing through several layers of cotton matting. Eventually all of the resin is run drained from the matting and consequently this term means no "matting drops" (consisting approximately 20% by weight of resin has a commercial value. It is sold for the purpose of decorating the resin which is done by a simple saponification using a mixture. The solution is filtered out the mineral separated by evaporation and dehydration, leaving a residue which is marketed as reclaimed resin.

The second grade, the wood grade, is in turn divided into classes, depending upon the method of production of its product. The process of production here results in the preparation of the raw material "light wood" and change of the furnace fuller flow by alcohol, changing into a dimeter, pulpwood to five pieces which remove the volatile matter of turpentine and pine oil. The residue is treated with a mixed acid dissolve the resin and the resulting pine oil. The volatile products is reclaimed by a solvent still and recycled, and separated into the two products, steam distilled wood turpentine and steam distilled pine oil. The solution of resin is filtered or purified in some other manner and the solvent removed by evaporation, also recovering it into another for the all extracted by the pulpwood. The residue from this operation is the wood resin.

The second class of wood metal mixture is produced by destructive distillation. Here again the raw material is the "light wood" and change. However, in this instance the wood is not treated but heated into ash and placed into closed vessels where it is subjected to heat, varying about a destructive distillation. The products are crude wood turpentine, crude pine oil, tars, gases and charcoal. The crude wood turpentine is refined and purified to destructively distilled wood turpentine. This process produces no resin.

The third class of wood products is also produced during the manufacture of paper pulp from hardwood chips. The by the sulphite process. The product is the by-product obtained by evaporation of sweating waters during the cooking process. The product is refined and marketed as sulphate wood turpentine. This process produces no resin.

The 1930-32 annual naval stores report issued by the Bureau of Chemistry and Soils shows the production of turpentine and resin by States for the three seasons 1930-32:

PRODUCTION

	Production (bbls. of 50 gals.)			Gross Income, 500 lbs.	
	1930-31	1931-32	1932-33	1930-31	1931-32
Turpentine					
Gum	810,000	646,000	803,000	$1,701,000	$1,292,000
Wood	-	-	-	34,000	23,000
Rosin					
Gum	77,084	68,384	8,213	462,504	369,072

PRODUCTION (Con.)

	TURPENTINE (BBLS. 50 GALS.			ROSIN (BBLS. 500 LBS.)		
	1934-35	1933-34	1932-33	1934-35	1933-34	1932-33
Production						
Sulphate Wood	9,832	9,000	8,000	-	---	-
D. D. Wood	5,767	6,200	4,618	-	-	-
Total Production	603,093	624,761	575,131	2,229,122	2,297,337	2,073,33X

Standards - It should be noted that the commodities, turpentine and rosin are common to both the gum and wood groups. It is recognized that the industries consuming gum turpentine and gum rosin are essentially the same as those consuming wood turpentine and wood rosin, one group of products being in active competition with the products of the other group and used for practically the same purposes by consumers. This competition is further evidenced by the close relationship between wood and gum prices.

Turpentine in addition to the classes given above, namely, gum spirits of turpentine, steam solvent wood turpentine, destructively distilled wood turpentine and sulphate wood turpentine, also has certain specifications regarding color, boiling point, density and purity. These are essentially the same for all classes.

As stated, rosin from the crude gum is known as gum rosin, and rosin from the steam solvent group is wood rosin. All rosins, both gum and wood, are subject to the standards established by the Naval Stores Act under the supervision of the Secretary of Agriculture, which standards are based chiefly upon difference in color ranging from extremely pale yellow to nearly black. They are referred to by letters of the alphabet, the palest being X and referred to in the trade as Extra; the next darker being WW and referred to as Water White and so on down through the following grades: WG - Window Glass, N - Nancy, M - Mary, K - Kate, I - Isaac, H - Harry, G - George, F - Frank, E - Edward, and D - Dolly. In addition to these there is a grade of wood rosin known as FF.

Structure of the Gum Naval Stores Industry - The various gum groups may be listed as the land and timber owner, the producer of crude oleoresin, the processor of the oleoresin into its derivatives, cleaned gum, gum turpentine and gum rosin, the factor and the distributor.

It is not necessary to explain the status of the land and timber owner beyond stating that it is the living pine which is the source of the production for the gum products. These trees are worked either by the owner or the privilege of working is leased by him to another. These leases vary in character and duration. Leases may be based upon a percentage return of the volume of production, others upon a percentage return of the market value of the production. Still others may be on a sliding scale based upon either volume or market value. The cost of the timber lease is an important item in the cost of production. The producer of the crude gum may produce crude gum for the purpose of sale or for the purpose of stilling the gum himself or having it processed for him by another operator. In the former instance his market is anyone who wishes to buy crude gum. The price he receives is based largely upon the Savannah market for gum turpentine and gum rosin, and to some extent upon

the other detailed financial arrangements made between the buyer and seller. In some instances the gum is purchased at the point of production; in others the gum is hauled to the buyer's still and these conditions would, of course, influence prices.

A survey as reported in Forest Survey Releases 4, 8 and 14 made by United States Forest Survey shows that the following percentages of the total timber being operated is worked by the producer under a lease:

South Carolina	70%
Unit No. 1 of Fla.	77%
Unit No. 1 of Ga.	51%

These figures clearly indicate that the larger portion of the crop of gum naval stores comes from leased timber.

By far the bulk of the crude gum is produced by the operator who proposes to still the product himself and it is this group which forms the backbone of the gum naval stores industry. This statement is supported by the reports of the Forest Survey referred to above. There are a few still operators who produce no gum themselves, but purchase all of the gum which they process. In order to avoid misunderstanding, we will refer to the man who operates the still, either on purchased gum or his own gum, as a processor.

Tables D_1, D_2, and D_3, show the analysis of production and allotments by size groups for the years 1933, 1934 and 1935.

The processor in most instances needs funds in addition to his own. These funds are required for the purchase of timber, payment of leases, the purchase of the equipment necessary to the running of an operation, such as cups, gutters, stills, tools, trucks, mules and wagons, and for the erection of living quarters for the laborers. The nature of the industry is such that these loans are not attractive to a commercial bank. They are long-time loans and the security is affected by wide fluctuation in prices of the product. To a large extent these loans are capital loans.

As a result there has developed a method of financing the production somewhat similar to that which formerly existed in cotton, namely, a factorage system. Therefore, the next group is the factor, who, as a type of banker, furnishes the funds for the purposes listed above. As a protection to this loan the factor obtains either a mortgage, a deed to secure debt or some other document to secure his investment. Inasmuch as the only returns come from the sale of the products, as an additional protection, the factor requires that he shall have control of the handling of the gum turpentine and rosin produced. Furthermore, practically all of the processors produce such a small volume that it is not practical for them to attempt to market their products direct to the distributor or to the consumer. Most processors produce rosin in quite a number of grades and as a single consumer uses but a few grades, it is necessary that someone act as concentrator of this production and attend to its marketing. So, the factor in addition to financing production, acts as sales agent for his customers. The factor does not acquire ownership of

the other testing financial arrangements make between the buyer and seller. In some instances the gun is procured at the point of production in Tampa the gun is tested on the buyer's still and there qualities would, of course, influence price.

A survey as reported in Trend Survey Volumes 6, 9 and 14 made by Dallas Banks during above time the following percentages of who would highly using expected is owned by the producer under a lease.

Banks Securities	72%
Bank No. 1 of Ala.	75%
Bank No. 1 of Ga.	83%

These figures clearly indicate that the larger portion of the amount of gun metal owned under lease issued himself.

By far the bulk of the guns in production by the respective companies is still the product himself and is this group which forms the backbone of the gun metal mining industry. This statement is supported by the records of the Banks Survey referred to above. There are a few still operators who obtains to gun themselves, but producing all of the guns which they produce. In order to avoid misunderstanding, we will refer to the man who operates the still, either as purchased gun or his own gun, as a producer.

Banks No. 1, No. 2 and No. 3 show the analysis of producing and illustrate by nine points for the years 1940, 1941 and 1942.

The producer is most interest people first in getting to his operations. These fluids are required for his purchase of blades, payment of taxes, the purchase of the equipment necessary in the running of an operation, such as type, derrick, still, tools, trucks, poles and wages, and for the supplies of living quarters for the laborers. The nature of the industry is such that these items are not alternative in a commercial basis. They are long-time items and the necessity is offered by also financial in points of the problem. In a large extent these items are equal items.

As a result there has developed a method of financing the producer similar to that which formerly existed in cotton, namely, a factorage system. Therefore, the next group in the list, and is a type of lender, furnishes the funds for the purpose listed above. In a producing he also lien the lender another lien on the gun metal to secure his advances, and for the lender to protect himself against the producer selling the gun to someone else before the loan is repaid. Sometimes to avoid is notify their agents to the distributor or the dealer. Most producers produce much in quite a number of grades and as a single purchaser does not a for trade. It is necessary that these be segregated so that producer may be protected. So, the factor in addition to financing produce, acts as selling agent for the producer. The factor does not supply certain of

Analysis of Production by Processors And Production.

Class Production 1933 Bbls.	Produced from Own Gum				Produced from Bought Gum				Combined			
	Processor No.	%	Bbls. Turp. Bbls.	%	Processor No.	%	Bbls. Turp. Bbls	%	Processor No.	%	Bbls. Turp. Bbls.	%
1-25	554	28.9	6984	1.5	65	11.8	189	0.3			7173	1.4
26-50	201	10.5	7462	1.6	69	12.5	542	0.9			8004	1.5
51-100	173	9.0	12589	2.7	87	15.7	1296	2.2			13885	2.7
101-150	127	6.6	15931	3.5	36	6.5	909	1.5			16840	3.2
151-250	217	11.4	43173	9.4	54	9.7	2126	3.5			45299	8.7
251-500	384	20.0	138562	30.1	77	14.0	5488	9.1			144050	27.7
501-1000	200	10.4	135632	29.5	77	14.0	11179	18.6			146811	28.2
1001	62	3.2	99793	21.7	87	15.8	38373	63.9			138166	26.6
Total	1918	100.0	460126	100.0	582	100.0	60102	100.0			520228	100.0

Analysis of Allotment

Class Production 1934 Bbls.	From Own Gum				From Bought Gum			
	Processor No.	%	Bbls. Bbls.	Turp. %	Processor No.	%	Bbls. Bbls.	Turp. %
1-25	626	33.1	6952	1.8	83	15.0	221	0.5
26-50	164	8.6	5918	1.6	86	15.6	644	1.5
51-100	161	8.5	11735	3.1	74	13.4	1026	2.3
101-150	139	7.4	17498	4.6	43	7.8	1030	2.3
151-250	254	13.5	54571	14.4	61	11.1	2429	5.5
251-500	378	20.0	133998	35.3	74	13.4	5381	12.1
501-1000	125	6.6	82152	21.7	69	12.5	9802	22.0
1001	40	2.1	66294	17.5	62	11.2	23947	53.8
Total	1887	100.0	379118	100.0	552	100.0	44480	100.0

GUM TURPENTINE MARKETING AGREEMENT
ANALYSIS OF 1935 ALLOTMENTS BY VOLUME CLASSES
INCLUDES TRANSFERS & DISTRESS

Class	1-25		26-50		51-100		101-150		151-200	
	No.	%	No.	%	No.	%	No.	%	No.	%
Processors	800	35.8	226	10.1	209	9.4	142	6.4	163	7.5
Bbls. Allotted	9561	2.3	8316	2.0	15530	3.8	18023	4.4	28743	7.1

Class	201-250		251-500		501-1000		1001-		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Processors	127	5.7	395	17.7	129	5.8	42	1.8	2233	100.0
Bbls.Allotted	28630	7.0	140180	34.2	88130	21.6	72171	17.6	409284	100.0

the products. The factor requires his customers to ship their production usually as rapidly as produced to designated concentration points, the principal ones of which are Savannah and Brunswick, Georgia, Jacksonville and Pensacola, Florida, and Mobile, Alabama. In recent years interior concentration points are being developed.

The factor each day, after the receipts at the ports have been graded, weighed and gauged, either offers them over the Jacksonville or Savannah markets for competitive bidding by the distributors, or arranges to sell such receipts to a distributor under the system referred to as "cut-out".

This brings us to the next group in the industry, the distributor. This is the group which contacts the consumer either in this country or abroad, either directly or through agents, and it is this group which sells the products. The distributors might be divided into two general groups, those that do both a domestic and an export business, and those which do practically nothing but domestic business. Some of the distributors act only as brokers.

It might be well to review the movement of the crude gum, the gum turpentine and gum rosin through the hands of these various groups. The gum industry extends from North Carolina to South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and to a very small extent into Texas. Plants producing wood naval stores are located in Virginia, North Carolina, Georgia, Florida, Alabama, Mississippi and Louisiana. It should be noted that the producing area is not a consuming area as can be seen by a reference to a Census of Manufactures.

While some crude gum may be hauled considerable distances and possibly from one state to another for the purpose of selling, in general the haul is seldom in excess of twenty miles. This gum may be hauled and sold to a processor processing his own gum, or to the still of a processor who depends entirely upon purchased gum for his raw material, or it may be sold to one of the plants refining the crude gum. In either of the first two instances the result is the same, the crude gum is separated by the processor into turpentine and rosin. In some instances the producer of the crude gum may operate on such a small scale that he is not justified in having his own still. However, he desires to sell his turpentine and rosin himself. In this event, he arranges for a processor to do the stilling, payment being made either in kind or cash.

At this point, however, we find a difference in the method of handling the finished products, turpentine and rosin. The processor may ship his products to a concentration point, which may be one of the ports or one of the interior concentration points. On the other hand, the production may be of sufficient volume, even though financed by a factor and the location of the still such as to make it desirable and practicable to hold the products at the still and make shipments direct to the consumer. In the first instance the turpentine and rosin moves to the concentration point most expedient for marketing. Many of the factors have offices in more than one port and divide the receipts from their customers between the various ports according to the location of the still. The turpentine and rosin, dependent upon these conditions, may move to a port located within the same state in which produced. On the

other hand, it may be found expedient to ship the turpentine and rosin to a port or concentration point located in some other state. For example, we find considerable of the production in Alabama moves into Pensacola, Florida. A large volume of the production of Georgia moves into Jacksonville, Florida, and similarly a large portion of the production of South Carolina moves into Savannah, Georgia.

As it is necessary to know the volume of turpentine and the weight and grade of rosin available for sale, these products must be inspected. The type of inspection varies in the different states. North and South Carolina provide no regular inspection service. The same is true of Alabama, Mississippi and Texas, and in these states inspection is usually made by a private inspector. Florida, however, has a state law requiring that all naval stores be inspected by a state Inspector before leaving the State. Georgia provides State Inspection service at the Ports of Savannah and Brunswick, Georgia. In some of the states the processor avails himself of the service of a Federal Naval Stores Inspector operating under the Naval Stores Act. In all cases, however, all naval stores moving into interstate or foreign commerce is subject to the provisions of the Naval Stores Act requiring that such naval stores be sold under Federal standards and must be graded by these standards. That this provision practically compels the entire production of naval stores to be sold under the Federal standards is due to the fact that fully 95% of the production of turpentine and rosin is consumed in a state or country other than that in which it has been produced. This, of course, is due to the fact that the consumption of turpentine and rosin within those states producing these products is negligible, being confined to one or two small paint manufacturing establishments, to the few producers of rosin size and to the paper mills. Even the latter, producers of pulp or wrapping paper, are extremely small consumers of rosin.

The reports of inspection are made to the factor, such reports stating the gauge of turpentine and weight and grade of rosin, of the packages received and the date of receipt. The factor, acting as sales agent for his customers, offers these combined receipts upon the market of Savannah or Jacksonville, according to the location of the product, for competitive bidding by the distributor. The factor renders service to his customers by seeing that the necessary inspection is provided, that products are properly covered by insurance against loss by fire and flood, and by making the necessary arrangements for storage of the packages pending sale to the distributor, and also acting as sales agent.

In this last capacity he must decide whether or not the daily receipts should be offered on the market or withheld to be offered later when he thinks the market might be stronger. It would seem safe to say, however, that 90% of the receipts are sold or offered for sale the day following their receipt at the ports. Savannah and Jacksonville are the recognized markets for naval stores, the latter being only a market for the sale to the distributors, whereas the Savannah market is the accepted world recognized market upon which all sales of both gum and wood naval stores are based. Receipts at Brunswick, Georgia, are at present under contract to one of the large distributors, the basis of sale being the average of the Savannah and Jacksonville markets for that day. The receipts at Pensacola, Florida, are under contract to two of the large distributors and the price is based upon the Savannah market. Receipts

at the interior concentration points may also be under contract based upon the Savannah market price.

The prices bid by a distributor are influenced by the general statistical position of the commodity, his own statistical position, location of the products offered, and in the case of rosin the relative number of barrels of each grade in the line of rosin offered. It should be borne in mind that about 40% of the total annual production of gum turpentine is received at the ports of Savannah and Jacksonville. With less than 66% of these receipts being sold over the Board, we see that approximately 26% of the crop is sold over the Boards and makes a market for the entire crop.

If the bids submitted by the distributor are accepted the turpentine and rosin is turned over to the buyer. The buyer may be a distributor buying in his own name for stocks against sales made or to be made, or he may be a broker buying for a consumer or another distributor. The turpentine and rosin is now in the hands of the distributor and having been purchased by him solely for the purpose of resale to be shipped when required to fill orders.

For some years there has been a continued decrease in the percentage of the receipts at Savannah and Jacksonville which are sold over the respective Boards of Trade to the extent that, excepting for five months in 1935, less than two thirds of the receipts have been so sold, the balance being sold at private terms at a price based upon the established market. It is doubtful if such a procedure procures a representative price for the processor.

One of the provisions of the marketing agreement and license requires that all gum turpentine and gum rosin received at the Ports of Jacksonville and Savannah for the purpose of sale must be sold over the respective Boards of Trade. This provision was included at the request of some of the distributors and was supported by a large portion of the factors.

The method of marketing of gum turpentine and gum rosin is somewhat different than the method of marketing used by the processor of wood naval stores products. The method of production of the latter group enables them to have a more direct control over volume of output and because of the volume of the output of each is larger than that of most of the gum naval stores processors, and finally because they have available for marketing far fewer standard grades of rosin, it is possible for the wood naval stores processor to market his product direct to the consumer and this in general is the practice. It is true of the two largest producers, the combined production of whom represents over 75% of the total number of products of this group. However, as already stated the market price of their products depends practically entirely upon the Savannah market price of gum naval stores.

The production of gum naval stores, however, must be marketed practically entirely through selling agents. These selling agents, as states, act as intermediaries between the processor and the distributor. While turpentine is practically all one grade, rosin has thirteen grades and no single consumer requires more than a few of these grades. It is,

therefore, necessary that someone assemble the rosin and make it available to the consumer in grades. This the distributor does. For this reason the distributor acquires a stock by purchasing the lines offered by the factor, which daily lines of rosin may include from two to thirteen grades. He then selects from the purchased lines the number of barrels of each grade which he requires to fill orders. It is apparent that a shipment of any one grade of rosin going to a consumer could very well include rosin from any number of processors purchased from one or more factors upon one or more days.

Rosin upon being received at the public warehouse is stored according to a system peculiar to that particular warehouse, but in any event the particular package shipped by the processor retains its identity through the sale to the distributor and through his shipment to the consumer, whether it be domestic or foreign.

Turpentine on the other hand may be received at one of the concentration points in glued wooden barrels containing on an average 50 gallons each, in metal drums or in tank cars. In each instance the volume is guaged and the shipper given credit for this volume. The turpentine at this point may either remain in the original package or the contents of the package may be transferred to some other package, because of the condition of the original package, or to a large storage tank where the turpentine is mixed with all other turpentine in the tank. If the distributor plans to move the purchased turpentine within a very short time and if the original package is merchantable there is no transfer of contents. In this case the distributor arranges to prepare and ship the required number of packages of turpentine from his stock. If, on the other hand, the distributor believes that some of his stock may not move within the time considered to be safe to permit the turpentine to remain in a glued wooden barrel he may order the contents of the barrel emptied into a storage tank. When he is ready to make shipment he supplies the empty packages and the required volume is withdrawn from the tank and charged to his account. Shipment is then made. It may be seen that the turpentine is fungible.

Frequently the distributor when purchasing turpentine and rosin does not know to what point a particular package will move, his purchases being for the purpose of accumulating a stock. This is particular true of purchases made at the ports. Purchases made by the distributor at interior points may be made to cover a specific sale already made.

Status of the Industry - In line with the general impression, the naval stores industry in the Fall of nineteen thirty three felt that there would be a substantial improvement in business in the next year. Condequently, in spite of an existing surplus of turpentine and rosin, plans were made to increase production. Such a step would have been disastrous. Control through a marketing agreement was invoked. And although the crop was not held to the agreed upon volume, nevertheless the restriction was sufficiently effective as to somewhat strengthen the statistical position. Prices already far below parity, were rapidly declining. The first effect of the agreement was to retard further decline. Had the industry dared to have set a crop sufficiently low as to fully recognize the surplus, a decided rise in price would have followed. However, for the sake of expediency and to prevent an unduly sharp rise in price, the volume to be marketed was placed at a figure higher than

needed. The same is true to a somewhat less degree for the crop of 1935.

It must be admitted that the loan from the Commodity Credit Corporation contributed largely to the market strength, but it is also necessary to recognize that such a loan would not have been available without a control. Decreased exports, which decreases could in no way be attributed to a marketing agreement, would have caused a sharp price decline without the loan or control.

The volume of gum naval stores to be marketed during the calendar year 1935 was set at 430,000 units. This was a decrease of about 15,000 units from the volume for the calendar year 1934. With the suspension of the control for 1935 on July 31st, a large increase in production might be expected. However, the season was well under way. It was too late to start new faces and an increase would have to come from more active working of existing faces. This was done to some extent. Any such increase was nullified to a large degree by the unfavorable producing weather of the latter part of the season, with the result that it is estimated that the annual crop for 1935 will be from 400,000 to not to exceed 500,000 units. The statistical position of the industry is strong. The threat lies in an unrestricted increase in volume to be marketed in 1936.

The industry has long recognized the danger in too sharp a curtailment in production. Such a step might result in too precipitate a rise in prices and in prices which would decrease consumption. Its recommendation for the crop next year is, therefore, placed at a figure which is felt will permit a still further reduction in surplus stocks, but at the same time not create a threat of a shortage in supplies. Prices today are far below prices which represent a fair exchange value. The current Savannah market price is approximately $30 per unit of gum naval stores at the ports. This will net the average producer not to exceed $44.00 per unit at the still. This price is less than 60% of parity, which would indicate that prices could have to rise considerably before encountering any real resistance. The October 11, 1935, report of the Bureau of Raw Materials for American Vegetable Oils and Fats Industries gives index numbers for September for various fats and oils used in soap making of 41.3 for cocoanut oil to 154.1 for cottonseed oil, whereas the index number for K grade rosin was 70.0 and for turpentine 78.8.

The sole purpose of the proposed marketing agreement is to establish such a balance between available supply offered on the market and consumptive demand that market prices for naval stores will gradually approach a fair exchange value. All of the provisions of the agreement have this goal in mind. The method of limitation of the volume to be marketed is, therefore, the basis for the agreement. The method of proration of this volume among those to participate in the marketing of the volume to be marketed must be equitable and practical. We sincerely feel that in the method of limitation of the volume to be marketed and the method of proration of that volume, together with the creation of a Control Committee as the agency to carry out the orders of the Secretary, that we are offering a means of accomplishing the purpose of the Act.

Article 1, Section 1, Add paragraph 28 - The term "producer of crude gum" means any person who produces crude gum by the means usually followed, whether such gum is to be sold or processed by the person producing.

29. The term "producer of naval stores" means any person who processes crude gum or wood for the purpose of producing cleaned gum, turpentine and/or rosin.

30. The term "primary allotment" means that allotment to a contracting processor handler of gum naval stores under which he shall market the cleaned gum, turpentine and rosin processed from crude gum produced by his own operations.

31. The term "secondary allotment" means that allotment to a contracting processor handler of gum naval stores under which he shall make the cleaned gum, turpentine and rosin processed from crude gum which he has purchased.

Article II, Section 1, Paragraph 2. We would suggest that this paragraph be rewritten so as to read "The successors to the members named herein shall be selected by the Secretary from the respective nominees of groups designated herein to make nominations. Nominations shall be made in the following manner: The contracting handlers engaged in processing within the State of Georgia as a group may nominate by inscribing on a ballot furnished by the Secretary or the Control Committee the names of eight (8) persons to represent the contracting processor handlers in the State of Georgia. The contracting handlers engaged in processing in the State of Florida as a group may nominate by inscribing on a ballot furnished by the Secretary or the Control Committee the names of four (4) persons to represent the contracting processor handlers in the State of Florida. The contracting handlers engaged in processing within the State of Alabama as a group may nominate by inscribing on a ballot furnished by the Secretary or the Control Committee the names of two (2) persons to represent the contracting processor handlers in the State of Alabama. The contracting handlers engaged in processing within the State of North Carolina and/or South Carolina as a group may nominate by inscribing on a ballot furnished by the Secretary or the Control Committee the names of two (2) persons to represent the contracting processor handlers in the States of North Carolina and South Carolina. The contracting handlers engaged in processing in the States of Mississippi, Louisiana and Texas as a group may nominate by inscribing on a ballot furnished by the Secretary of the Control Committee the names of two (2) persons to represent the contracting processor handlers in the States of Mississippi, Louisiana and Texas. The contracting handlers, ---- herein to represent factors.

Article II, Section 1, Paragraph 8 - Amend to read "To fill any vacancy occasioned by the removal, resignation or disqualification of any member of the Control Committee, a successor for his unexpired term shall be selected by the Secretary from nominees selected by the respective group and groups of states in whose representation the vacancy has occurred. Such nominees to be determined by the selection by the proper group as specified in Paragraph 2 of this section of two nominees for each vacancy to be filled and in the manner specified in paragraphs 3,4,

5 and 6 of this section. Such selection of nominees shall be made within thirty days after which such vacancy occurs. If a nomination is not made within such tairty days, the Secretary may select a member to fill such vacancy.

Article III, Section 1, Paragraph 1. We will include as part of this brief a budget estimating the expenses which will be incurred in the administration of this marketing agreement. This budget has been made upon two basis. The one which would include an income from both gum and wood naval stores processors and which would include the use of tags by the wood naval stores contracting processor handlers. It does not contemplate any income from the factor handler or the distributor handler groups other than provided in Article III, Section 1, Paragraph 4. The other basis contemplates no income from the wood contracting processor handler group or from the factor handler or the distributor handler groups other than provided in Article III, Section 1, Paragraphs 3 and 4 of the marketing agreement as presented at the Hearing.

Article III, Section 1, Paragraph 3. It has been suggested that inasmuch as the wood naval stores processor handlers will share with the gum naval stores processor handlers any benefits which might result from a marketing control program that they should contribute a prorata share of all expenses incurred in the carrying out of such a program. We would, therefore, suggest that the above paragraph be amended to read "The share of such expenses for each contracting handler of wood naval stores receiving an allotment shall be that amount which is paid to the Control Committee pursuant to Article IV, Section 3 of this agreement, and such prorata share is hereby approved by the Secretary, and these assessments may be adjusted, from time to time, by the Control Committee, with the approval of the Secretary in order to provide funds sufficient in amount to cover any later findings by the Secretary of estimated or the actual expense of the Control Committee during the said year.

Article IV - We would suggest that the first portion of the title of this Article which now reads "Volume to be Marketed" be amended to read "Total Quantity of Naval Stores to be Marketed."

Article IV, Section 3, Paragraph 5. This paragraph provides the means of supplying to each handler a number of rosin and turpentine tags required for the marketing of rosin and turpentine which the handler might own on December 31, 1935. It is understood that the handler shall have the right to market such stocks in addition to any allotment which he may receive for the calendar year for which allotments are being made. Such a procedure would not be inequitable. The provisions of the marketing agreement and license which fixed allotments for the calendar year 1935 were suspended on July 31, 1935. This removed all restrictions as to the volume to be marketed and, therefore, the processors no longer felt the need of restricting their production. It was too late in the season, however, to materially increase his production because no new faces could be started or any new cups hung. Such an increase could be brought about only by increased activity in operation and there are limits to which this can go. However, shortly after the suspension of the license and marketing agreement storms and rainy season set in and held down production. The increase which might normally have occurred therefore failed

CONTROL COMMITTEE
of the Marketing Agreement for
Gum Turpentine and Gum Rosin Processors

BUDGET A
Calendar Year 1936

(Includes Gum and Wood Naval Stores on same basis expense)

ESTIMATED INCOME			
Gum N. S. Processors			
485,000 units @ 30¢		$145,500.00	
Gum N. S. Factors		3,800.00	
Gum N. S. Distributors		3,800.00	
Wood N. S. Processors			
115,000 units @ 30¢		34,500.00	$187,600.00
ESTIMATED EXPENSES			
Advisory Council (Art. X) 7 members		5,000.00	
Control Committee (Art. II) 15 members			
For Gum Processors	$16,000.00		
Wood Processors	4,000.00		
Factors	3,800.00		
Distributors	3,800.00	27,600.00	
Insurance Prem. Bond and Liability	1,000.00		
Legal Services	1,000.00		
Office Rent-Headquarters	2,750.00		
Office Fur. & Fix.	2,500.00		
Postage & Express	6,000.00		
Salaries- Jax., Office	29,200.00		
Port Inspectors	13,750.00		
Fieldmen-including Exp.	12,000.00		
Sav. Office-Rent & Exp.	4,150.00		
Sta., Printing & Off. Sup.	3,000.00		
Tags (Art. IV-Sec. 2)	10,000.00		
Telephone & Telegrams	2,000.00		
Traveling Expenses	4,000.00		
Contingency Fund	11,050.00		
Research & Advertising	52,600.00	155,000.00	
		$187,600.00	$187,600.00

[illegible]
of the Governing Authority for
[illegible] Year Ended [illegible]

[Explains that each fund begins on June 1st]

[illegible]

Fund 1. [illegible]		
[illegible] units @ 30¢		$[illegible]
Fund 2. [illegible]		[illegible]
Fund 3. [illegible]		[illegible]
Fund 4. [illegible]		[illegible]
438,000 units @ 30¢	[illegible]	
		$[illegible]

[illegible] Account

Advisory Council (Art. 3) 7 members		$ [illegible]
Until Councilors (Art. 11) 12 members		
For Fees Processors	$[illegible]	
Hard Processors	$ [illegible]	
Bearers	$ [illegible]	
Identifiers	$ [illegible]	$ [illegible]

Insurance Fund. Bond and	
Liability	$ [illegible]
Legal Services	$ [illegible]
Office Equipment	$ [illegible]
Office Rent & Tax	$ [illegible]
Postage & Express	$ [illegible]
Printing- Ink, Office	$ [illegible]
Rent Expenses	$ [illegible]
Salaries-Clerical Emp.	$ [illegible]
Sec. Overtime & Emp.	$ [illegible]
Sec., Weekly & Sec. Emp.	$ [illegible]
Taxes (Art. 17-Sec. 3)	$ [illegible]
Telephone & Telegrams	$ [illegible]
Traveling Expense	$ [illegible]
Contingency Fund	$ [illegible]
Reserve & Appropriation	$ [illegible]
	$ [illegible]

CONTROL COMMITTEE
of the Marketing Agreement for
Gum Turpentine and Gum Rosin Processors

BUDGET B
Calendar Year 1936

ESTIMATED INCOME

Gum N. S. Processors			
485,000 units @ 30¢		$145,500.00	
Gum N. S. Factors		3,800.00	
Gum N. S. Distributors		3,800.00	
Wood N. S. Processors		4,000.00	$157,100.00

ESTIMATED EXPENSES

Advisory Council (Art. X)	7 members	5,000.00	
Control Committee (Art. II)	15 members		
For Gum Processors	$16,000.00		
Wood Processors	4,000.00		
Factors	3,800.00		
Distributors	3,800.00	27,600.00	
Insurance Prem. Bond and Liability	1,000.00		
Legal Services	1,000.00		
Office Rent-Headquarters	2,750.00		
Office Fur. & Fix.	2,500.00		
Postage & Express	6,000.00		
Salaries-Jax. Office	20,200.00		
Port Inspectors	13,750.00		
Fieldmen-including Exp.	12,000.00		
Sav. Office-Rent & Exp.	4,150.00		
Sta., Printing & Off. Sup.	3,000.00		
Tags (Art. IV-Sec.2)	10,000.00		
Telephone & Telegrams	2,000.00		
Traveling Expenses	4,000.00		
Contingency Fund	11,050.00		
Research & Advertising	22,100.00	124,500.00	
		$157,100.00	$157,100.00

to materialize. Further, the demand was such that with the large volume held by the Commodity Credity Corporation not being available, the entire production moved into consumption, so that there is very little accumulation of rosin and turpentine in the hands of the processors. It is anticipated that there will be a still further reduction in stocks by December 31st. The volume to be marketed under these conditions will not materially affect the market price of the sale of the production for 1936, nor will it be of sufficient volume to enter very largely in the determination of the setting of the crop for 1936.

The same remarks should be considered in the case of similar tags distributed to wood naval stores handlers.

Article IV, Section 2, Paragraph 6, Line 7 - Amend by inserting the words "after ample findings of facts" after the word "may", so as to read "-Control Committee, may, after ample findings of facts, from time to time,-".

Article IV, Section 2, Paragraph 9. We suggest that this be amended to read "The Control Committee shall without charge exchange gum turpentine tags of any denomination for gum turpentine tags of equal denomination, wood turpentine tags of any denomination for wood turpentine tags of equal denomination, gum rosin tags of any denomination for gum rosin tags of equal denomination, wood rosin tags of any denomination for wood rosin tags of equal denomination, gum turpentine and gum rosin tags for equal denomination of cleaned gum tags or cleaned gum tags for equal denomination of gum turpentine and gum rosin tags without charge where payment has been made on tags offered for exchange.

Article IV, Section 4, Paragraph 4. Shall be amended to read "the Control Committee shall check the accuracy of each application and establish or verify the same in such manner as it may determine and upon the basis of such information may report such findings to the Secretary to be taken into consideration in the adjustment of any allotments made by him on the basis of the original application.

Article IV, Section 4, Paragraph 6 (c) - It must be recognized that any method in proration must result in some form of distress to a few contracting processor handlers. In order to eliminate such distress it is proposed to set aside 3% of the total volume of gum naval stores to be marketed to be distributed among those so affected.

Such distress may arise from several causes: (a) A processor may previous to a marketing agreement have entered into contracts to work certain timber. The allotment made him may be insufficient to permit him to carry out his contract. (b) A processor may be heavily in debt and the allotment made him insufficient to enable him to meet his over head and reduce his indebtedness. (c) The method of making allotments may because of his particular past operations work an undue hardship on an operator.

Article IV, Section 4, Paragraph 6 (d) - Next to the last line insert the words "so far as possible" after the word "shall" so as to read "-shall as far as possible be made upon-".

Article IV, Section 4, Paragraph 7, Line 5 - Amend to read "-for the calendar year" by inserting the word "calendar" before the word "year."

Article IV, Section 5, Rewrite to read: "Method of Limitation of Marketing Wood Naval Stores."

1. No wood naval stores shall be marketed unless such naval stores bears tags or some form of identification issued in the manner provided herein. The Secretary shall through the Control Committee each year issue tags in the form of certificates, stamps, metal plates or in such other convenient form as he may determine and shall prescribe the method of their use. Such tags shall bear a number identifying the contracting handler to whom issued and/or a serial number, and the year for which it is issued, and shall properly identify the class and quantity of naval stores contained in the package for which they are to be used.

2. During each calendar year the Secretary shall, through the Control Committee, issue to each applicant turpentine and/or rosin tags of total denominations equivalent to such applicant's allotment. Such tags shall be issued in equal monthly quantities.

3. The Secretary, through the Control Committee, shall supply each handler a number of tags required for the naval stores owned by him at midnight December 31, 1935.

For each year following the calendar year 1935, each contracting handler shall be permitted to exchange, without charge, stock-on-hand tags issued for the year previous to the year for which allotments are to be made, and/or turpentine and rosin tags issued to him during the year previous to which allotments are to be made, for stock-on-hand tags of equivalent denominations, for the year for which allotments are to be made: Provided, That the number of tags so exchanged shall not be in excess of the amount of the previous year's allotment of turpentine and/or rosin which such contracting handler owned at midnight, December 31, of the year preceding the year for which allotments are to be made.

On and after January 1 of each year all tags issued during previous years shall be null and void, other than for the purpose stated above.

4. With respect to each tag issued, (except in exchange for equivalent tags issued pursuant to Paragraph 9 of Section 2 of this Article) the contracting handler first receiving the same shall pay to the Control Committee the following amounts:

(a) Fifteen (15¢) cents for each package of wood turpentine of approximately fifty (50) gallons:

(b) Three (3¢) cents for each package of wood rosin of approximately five hundred (500) pounds gross weight or four hundred and twenty (420) pounds of wood rosin net weight:

(c) Four (4¢) cents for each package of wood rosin of approximately six hundred (600) pounds:

(d) Fifteen (15¢) cents for each fifty (50) gallons or major fraction ther of of a tank car or other receptacle of wood turpentine, except the package referred to in (a) of this paragraph.

(e) Six Tenth (6/10) of one cent for each one hundred (100) pounds or major fraction thereof of a tank car or other receptacle of rosin, other than the packages referred to in (b) and (c) of this paragraph.

All sums received pursuant to this paragraph shall be used by the Control Committee for the purpose, and subject to the limitations, set forth in this agreement.

Article IV, Section 4. The proponents favor a proposed amendment which was discussed at the hearing to provide for making a minimum allotment so that small processors will not be unduly burdened. They favor such amendment because such an allotment is economically sound, is equitable to all and will, from an administrative point of view, materially decrease the difficulty of making allotments and will minimize special recommendations to the Secretary regarding distress allotments. It was suggested that in making allotments to gum naval stores contracting processor handlers that some consideration be given to the condition of processors whose 1936 allotment would be fifty units or under. A second suggestion was made that some consideration be given to a processor whose 1936 allotment would be two hundred units or under. An analysis of the effect of such special consideration was made for the three classes: (a) those who in 1936 might receive an allotment of fifty units or under, (b) one hundred units or under, (c) two hundred units or under. An analysis of the 1935 allotments to regular processors showed the following:

State	Rec'd 200 or less		Rec'd more than 200		Total	
	Bbls.	No.	Bbls.	No.	Bbls.	No.
Ala.	11,490	190	26,186	56	37,676	246
Fla.	13,949	124	108,583	174	122,532	298
Ga.	50,436	1,078	170,528	369	220,964	1445
La.	28	1	6,466	5	6,494	6
Miss.	1,167	16	7,379	12	8,546	28
N. & S. C.	3,070	40	10,530	28	13,600	68
Totals	80,140	1,447	329,672	644	409,812	2091

Of the 1447 who received an allotment of two hundred units or under there were fifty-eight allotments cancelled, leaving 1389 eligible for consideration in this analysis.

Analysis Primary Allotment Gum Naval Stores

To determine effect of considering as in distress those receiving for 1936 an allotment of (a) 50 units or less
(b) 100 " " "
(c) 200 " " "
(d) Between 100 and 200 units

As a basis we assume:

435,000 units of gum naval stores to be prorated.

Deductions of	1%	for new secondary allotments
	2%	" " primary "
	4%	" distress
	10%	" regular secondary allotments
	17%	equivalent to 82,450 bbls.

Leaving a balance of 402,550 units to be prorated among regular processors.

Total primary allotments for 1935	409,284	units
Less cancellations	2,231	"
	407,053	
Plus volume needed to restore net allotments	2,099	
Total	409,152	units

Total of base figures	1935	409,152	units
Available for	1936	402,550	"
Marketable percentage		98.39%	

Allotments for 1936 were made by applying this marketable percentage to each processors 1935 allotment. The resulting figure of below (a) 51 units.
(b) 101 units
(c) 201 units

was compared with the processor's 1935 production.

The number of units necessary to bring the 1936 allotment up to this 1933 production, but not to exceed the limits for each (a), (b) and (c), namely, 50 units, 100 units, and 200 units, respectively was determined.

Such analysis showed that if method (a) be adopted, 3533 units would be needed to restore to the 1933 production or the 50 units whichever was the smaller.

If method (b) be adopted, 6130 units would be needed to restore to the 1933 production or the 100 units whichever was the smaller.

Complete History eliminated the Grand Duchy

In diplomatic attempt to [illegible] to discover these negotiations for 1868 to eliminate of

[illegible]	80 votes or less
[illegible]	100 " " "
[illegible]	200 " " "
[illegible]	Between 100 and 200 votes

As a result we assumed:

488,400 votes of Gen Assembly strength to be available.

Deductions of: 12 for new secondary eliminations
[illegible] " " primary "
60 " discharge
[illegible] " regular necessary eliminations
171 equivalent to 68,400 ballots.

Leaving a balance of 420,000 votes to be accounted among regular precincts.

Total primary eliminated for 1868	488,400 votes
Less precipitations	6,000 "
	482,400
Case volume reported to electors not eliminated	1,000
Total	481,400 votes
Total of Dems Figures 1868	488,400 votes
Available for 1868	488,000 "
Deficiencies carryforward	96,400

eliminate for 1868 case would be necessary to bring precincts to more conservative 1868 elimination. The possible figures of be-
low (a) 81 votes.
(b) 103 votes
(c) 203 votes

who compared with the precincts's 1868 precautions.

This number of votes necessary to bring the 1868 eliminations up to 1868 precautions, but not to exceed the limits for each (a), (b) and (c), namely, 80 votes, 81 votes, and 201 votes, respectively was determined.

Case analysis assumed that if number (b) be adopted, 5000 votes would be required to increase to the 1868 precautions -- the 80 votes eliminated was the smallest.

If method (b) be adopted, 4180 votes would be needed to restore to the 1868 precautions or the 320 votes eliminated the smallest.

If method (c) was adopted, 12843 units would be needed to restore to the 1933 production or the 200 units which ever was the smaller.

Should method (a) be used, requiring 3583 units additional for distress, the marketable percentage will be 97.51%.

Should method (b) be used, requiring 6120 units additional for distress, the marketable percentage becomes 96.89%.

Should method (c) be used, requiring 12843 units additional for distress, the marketable percentage becomes 95.25%.

These marketable percentages will be changed when actual applications are filed as not until then can we determine those who will not be equipped to produce their allotment. Such difference will be turned back to the volume to be allotted resulting in an increase in the marketable percentage.

The analysis also showed that under (a) there were 736 processors who would receive 3583 additional units from the distress. 182 processors who while below the 51 units would not receive additional units as their 1933 production was below their probable 1936 allotment.

Similarly under (b) 883 processors would receive 6120 additional units and 228 processors who while below the 101 units would not participate.

Similarly under (c) 1104 processors would receive 12843 addtional units and 285 processors who while below the 201 units would not participate.

It was suggested that such consideration for distress should be limited to those processors who actually processed their crude gum themselves, that is, owned a still. Such ownership could not be determined from information now in hand. We, therefore, for the purpose of this study, assumed that no one receiving an allotment of below 101 units would own a still, We, therefore, made a fourth study, (d) of those whose 1936 allotment would probably be over 100 and below 201 units. It was found that, using this measure instead of (a), (b) or (c), 5688 units additional would be needed for distress, resulting in a marketable percentage of 97.00%. Under this method, (d), 218 processors would receive the addtional 5688 units.

The approximate total of the 1936 allotments to those 1389 processors who were considered in this analysis is 74, 089 units which is their allotment before adjustment through distress as in (a), (b), (c) or (d).

Another study was made using the marimum reported production of each of the 1389 processors studied for the period 1930-33 instead of the 1933 production. It was very apparent such a method would be im-

practical (a) the reported production for 1930-33, particularly the 1930 and 1931 undoubtedly included some units processed from purchased gum, (b) the preparedness of production in 1930, 1931 and 1932 did not necessarily give any measure of the distress in 1934 or 1935 or probable distress in 1936. Therefore, this basis was discarded.

Article IV, Section 4, Paragraph 6 (a) - It has been suggested that 2% of the total volume of gum naval stores to be marketed be set aside to be prorated among new processors as defined in this paragraph. When a marketing agreement was discussed in 1933 it was found that approximately 2.4% of the volume of gum naval stores marketed each year came from new operations. It was recognized that the definition of new operations was different than what we consider under the present definition to be a new processor and in view of these added restrictions the 2% suggested will be ample. A questionnaire sent to each factor developed that most factors feel that there should be nothing set aside for new processors. Where an opinion was expressed, it was conceded that 2% was an equitable figure.

STATE OF FLORIDA)
) ss.
COUNTY OF DUVAL)

Personally appeared before me this day an officer duly authorized to take acknowledgments and administer oaths, Carl F. Speh, who after being by me first duly sworn deposes and says; That, he is Secretary to the Control Committee of the Marketing Agreement for Gum Turpentine and Gum Rosin Processors; That he has read the above and foregoing brief, knows the contents thereof and that the matters therein contained, upon information and belief he believes them to be true, and upon such information and belief avers that such matters and things are true.

/s/ Carl F. Speh

Sworn to and subscribed before me this 9th day of November A. D. 1935 at Jacksonville, Florida.

/s/ J. T. Percy

Notary Public, State of Florida at Large

My Commission Expires Nov. 19, 1935

STATE OF INDIANA)
) ss:
COUNTY OF DUBOIS)

Personally appeared before me this day in writing duly authorized to take acknowledgments and administer oaths, Earl B. Crowe, who after being by me first duly sworn deposes and says: That, he is familiar with the lighted Operation of the Manufacturing Agreement for Use (Licensing and Know Hows Theretofore: That he has read the said (Original Brief, Memo its Contents thereof and that he is duly (Original Agreement-s and belief to believe them to be same, and that such Information and belief avers that such matters are stated are true.

/s/ _____ Earl B. Crowe

Sworn to and subscribed before me this 8th day of December A. D. 1966 at Jasperville, Indiana.

/s/ _____ C. D. Ford

Notary Public, State of Indiana My Comm. Exp. 1/9, 1969

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
GENERAL CROPS SECTION

ECONOMIC BRIEF RELATING TO THE PROPOSED MARKETING AGREEMENT AND ORDER FOR NAVAL STORES

Submitted by:

(Signed) E. W. Braun

E. W. Braun,
Senior Agricultural Economist.

(Signed) Norman L. Gold,

Norman L. Gold,
Associate Agricultural Economist,
General Crops Section.

October 5, 1935.

ECONOMIC BRIEF RELATING TO THE PROPOSED MARKETING AGREEMENT AND ORDER FOR NAVAL STORES

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ECONOMIC BRIEF RELATING TO THE PROPOSED MARKETING AGREEMENT AND ORDER FOR NAVAL STORES

Summary

1. Nature and Location of the Industry. Naval stores, consisting of turpentine, rosin and oleo-resin, are produced through the extraction and distillation of crude gum obtained from living pine trees and through the distillation of pine stumps and other pine wood. They are produced in Florida, Georgia, Louisiana, Mississippi, Texas, and North and South Carolina. Georgia and Florida produce approximately 83 percent of the gum naval stores.

2. Parity Prices. Prices received for naval stores have for a number of years been considerably below parity, as defined in the Agricultural Adjustment Act. In 1934-35 gum turpentine averaged $21.59 per barrel to producers as compared to the parity prices of $29.34. The Savannah price from April 1 to September 14, 1935, was approximately 65 percent of parity. Producers of gum rosin received approximately $7.03 per barrel at the still as compared to the parity price of $12.58, so that the actual price was 65 percent of parity. Gum rosin prices from April 1 to September 14, 1935 were approximately 63 percent of parity. Producers received $45.02 for a unit of naval stores (one 50-gallon barrel of gum turpentine and 3-1/3 barrels of rosin) in 1934-35 as compared to the parity price of $65.43 so that the actual price per unit was 69 percent of parity. Current prices are approximately 64 percent of parity.

3. Interstate and Foreign Commerce. Calculated shipments of turpentine have averaged 653,000 barrels annually in the past five years.

Of these, 260,000 barrels or approximately 40 percent of the total shipments were exported. Rosin shipments averaged approximately 2,300,000 barrels in the five years ended 1934-35; fifty percent of these have been exported.

Turpentine is used principally in the paint, varnish, and lacquer industry and in the shoe polish industry. Rosin is used in the manufacture of soap, in paper manufacture, and in the paint, varnish and lacquer industry. As a consequence of their specialized industrial uses, practically all of the domestic markets are outside of the states in which the turpentine and rosin are produced.

4. Economic Aspects of the Naval Stores Industry.

(a) Gum and Wood Products. In the five years ended 1934-35 the gum industry accounted for approximately 88 percent of the turpentine production and 81 percent of the rosin production. During this period the wood naval stores provided about 12 percent of the turpentine and 19 percent of the rosin produced in the United States.

The naval stores obtained from the both branches of the industry are generally interchangeably used for the same purposes, and standard specifications for the gum and wood products are essentially the same. The prices of gum and wood rosin and turpentine fluctuate very closely together from month to month.

(b) Factors Affecting Changes in Prices Received for Turpentine. An analysis of changes in prices of turpentine indicates that the principal factors accounting for yearly fluctuations are variation in total United States production of turpentine, in consumer purchasing power, as measured by the Index of Business Activity, and in United

States commercial carryover and imports.

Under 1934-35 demand conditions for turpentine the analysis indicates that production for sale of 575,000 barrels of turpentine results in a market price at Savannah of $30 per barrel and a gross value of over $17,000,000. Increase in total production to 600,000 barrels is accompanied by a price of $23 per barrel and a gross value of about $13,800,000. On April 1, 1935, commercial carryover exceeded the April 1, 1934 stocks by 59,000 barrels. About 92,000 barrels or 52 percent of the commercial stocks were held as security for loans from the Commodity Credit Corporation. As of September 28, 1935, stocks held by the Commodity Credit Corporation increased to 148,609 barrels and they now represent the greater part of the commercial carryover of gum turpentine.

(c) Factors Affecting Changes in Prices Received for Rosin. Changes in rosin prices from 1924-25 to 1934-35 inclusive are primarily affected by variations in annual production, United States commercial carryover plus imports, and changes in consumer purchasing power, as measured by the Index of Industrial Production. Under 1934-35 demand conditions the analysis indicates that production of 2,000,000 barrels of rosin is accompanied by a price of $11.39 per barrel and a gross value of about $22,800,000. An increase in production to 2,200,000 barrels is accompanied by a decrease in total returns of about $4,000,000.

(d) Sales of Turpentine and Rosin at Savannah and Jacksonville. Savannah and Jacksonville are the recognized markets for the determination of world prices of naval stores. The Savannah Board of Trade and Jacksonville Chamber of Commerce prices move extremely close together. The number of buyers and sellers at these open markets is

extremely small, however. At Savannah there are approximately seven dealers and seven factors who meet daily to make bids and sales.

Moreover, a relatively small proportion of the actual receipts at Savannah and Jacksonville are actually sold through the public market facilities, though the bulk of sales is made on the basis of the prices determined. Except for the first five months of 1935, less than one-third of the turpentine receipts were sold through the two open markets. A relatively larger proportion of the monthly receipts of rosin have been sold at the open market.

ECONOMIC BRIEF RELATING TO THE PROPOSED MARKETING AGREEMENT AND ORDER FOR NAVAL STORES

Introduction

Naval stores, consisting of turpentine, rosin and oleo-resin, are produced through the extraction and distillation of crude gum obtained from living pine trees and through the distillation of pine stumps and other pine wood. They are produced in the Southern states of Florida, Georgia, Louisiana, Mississippi, Texas, and North and South Carolina. Of these Georgia and Florida are the principal producing areas having provided approximately 83 percent of the gum turpentine and rosin produced in the United States in the past three seasons. Since 1932-33 Georgia has led with 52 to 57 percent of the total production and Florida has provided 27 to 31 percent of the total. Alabama supplies about 1 percent of the total. The percentage of the annual production supplied by each state is shown for the three years 1932-33 to 1934-35 in Table 1.

/8 to 9 percent, South Carolina about 3 percent and Mississippi

Table 1

Gum Naval Stores Production by States
in Percent of Total United States Production

States	YEARS		
	1934-35	1933-34	1932-33
	percent	percent	percent
North Carolina	.41	.39	.42
South Carolina	3.32	3.17	2.92
Georgia	56.63	51.99	53.53
Florida	27.00	30.83	29.22
Alabama	8.73	8.74	8.39
Mississippi	1.77	2.21	2.27
Louisiana	.97	1.20	1.41
Texas	1.17	1.47	1.84
Total U. S.	100.00	100.00	100.00

Sources of data: U. S. Dept. Agr., Bur. Chemistry & Soils and Agr. Adj. Admin., 1934-35 Annual Naval Stores Report, July 31, 1935, p. 2.

Introduction

Naval stores, consisting of turpentine, resin and oleoresin, are produced through the collection and distillation of crude gum obtained from living pine trees and through the distillation of pine stumps and other pine wood. They are produced in the southern states of Florida, Georgia, Louisiana, Mississippi, Texas, and North and South Carolina. Of these Georgia and Florida are the principal producing areas having produced approximately 62 percent of the gum turpentine and resin produced in the United States in the past three seasons. Since 1938-39 Georgia has led with 32 to 37 percent of the total production and Florida has produced 27 to 31 percent of the total. Alabama supplies about 1 percent of the total. The percentage of the annual production supplied by each state is shown for the three years 1936-37 to 1938-39 in Table 1.

Table 1

Gum Naval Stores Production by States
in Terms of Total United States Production

State	Year		
	1936-37	1937-38	1938-39
	Percent	Percent	Percent
North Carolina	4.41	4.89	4.46
South Carolina	2.34	3.17	3.81
Georgia	34.82	31.39	32.22
Florida	27.09	30.05	29.84
Alabama	1.73	0.76	1.39
Mississippi	1.27	2.41	2.27
Louisiana	.84	1.80	1.41
Texas	1.14	1.48	1.84
Total U. S.	100.00	100.00	100.00

Bureau of Census: U. S. Dept. Agr., Bur. Chemistry & Soils and Agr. Adj. Admin., 1936-37 Annual Naval Stores Report, July 31, 1938, p. 5.

A marketing agreement for the Naval Stores industry has been submitted to the Administration and a public hearing on the proposed agreement and order has been requested. The purpose of this brief is to analyze the principal economic phases of the Naval Stores industry with reference to the proposed agreement and order.

1. Purchasing Power Parity Prices for Turpentine and Rosin

Parity prices for Naval Stores on the basis established in the Agricultural Adjustment Act may be measured by prices received for gum turpentine and rosin, and the Index of Prices Paid by Farmers.[1/] The weighted average price per 50-gallon barrel of gum turpentine received by producers at the still for the period August 1909 to July 1914 was $22.92. During recent years the price of gum turpentine has been considerably below the pre-war parity. Thus, in 1933-34 the parity price, computed by multiplying the pre-war base price (August 1909-July 1914) by the Index of Prices Paid by Farmers, was $27.27; the actual price was $19.67, or 72 percent of parity. In 1934-35 the price received at the still was $21.59 as compared to the parity price of $29.34, so that the actual price was 74 percent of parity. No data are available for prices received by producers at the still from April 1, 1935 to the present date; the parity price, however, was $29.81.

Prices of turpentine and rosin at the still are an average for all producers over an extremely wide area. In general, they reflect the prices received at terminal markets after sales commission, freight or trucking

---

1/ Parity price is that price which will give the commodity the same per unit purchasing power that it had during the base period (Aug.1909-July 1914). The Index of Prices Paid by Farmers, prepared by the U. S. Dept. of Agr., is 100 for the base period and for any other period is higher or lower than 100 by the percentage that the cost of articles purchased by farmers in that period is above or below the cost of articles during the base period. Parity prices are calculated by multiplying the base price by the Index of Prices Paid by Farmers.

charges, insurance, inspection fees and other port charges have been deducted. Prices at Savannah, the base price for practically all turpentine and rosin sales, therefore, reflect closely the changes in prices received by producers. Calculations of parity based on the Savannah price indicate that in 1933-34 the actual price of $22.05 was 72 percent of parity and that in 1934-35 the price of $23.01 was 70 percent of parity. From April 1 to September 14, 1935, the Savannah price was $21.65 as compared to the parity price of $33.28, so that the actual price was 65 percent of parity. Table II gives in detail actual prices and purchasing power parity prices of gum turpentine at the still and Savannah.

Prices received by producers of gum rosin and the Savannah price of gum rosin have similarly been considerably below parity, and relatively lower than turpentine prices, with respect to parity, in recent years. In 1933-34 the price was $5.65 per barrel as compared to the parity price of $10.07 so that the actual price was 56 percent of parity. In 1934-35 the actual price of $7.03 at the still was 65 percent of parity. Parity, as measured by the Savannah prices of gum rosin, was $12.53 in 1934-35 as compared to the actual price of $8.15, so that at Savannah, as well as at the still, actual prices were 65 percent of parity. From April 1 to September 14, 1935, the Savannah price was $8.09 as compared to the parity price of $12.75 or 63 percent of parity. Table III gives in detail farm prices and purchasing power parity of gum rosin at the still and Savannah from 1929-30 to 1936.

TABLE II

Prices Received and Purchasing Power Parity
for Gum Turpentine

PART I: Based on Season Average Prices Received by Producers at the Still.

Year 1/	Season Average Price per 50 Gal. Barrel Received by Producers at Still 2/	Index of Prices Paid by Farmers	Parity Price	Actual Price Above (+) or Below (-) Parity Price	Actual Price as Percent of Parity Price
	1	2	3	4	5
	dollars	percent	dollars per barrel	dollars per barrel	percent
1909-10 to 1913-14 Av.	22.92	100	22.92	--	100
1929-30	22.45	164	37.59	- 15.14	60
1930-31	18.33	153	35.07	- 16.74	52
1931-32	17.43	133	30.48	- 13.05	57
1932-33	17.65	116	26.59	- 8.94	66
1933-34	19.67	119	27.27	- 7.60	72
1934-35	21.59	128	29.34	- 7.75	74
April 1 - Sept. 30, 1935		130 3/	29.80		

1/ The crop year begins April 1 and ends March 31 of the year following.
2/ Average price per 50 gallon barrel after freight, commissions, insurance, inspection fees and other port charges are deducted.
3/ April through August.

PART II: Based on Season Average Prices at the Savannah Market.

Year 1/	Season Average Price per 50 Gal. Barrel at Savannah 2/	Index of Prices Paid by Farmers	Parity Price	Actual Price Above (+) or Below (-) Parity Price	Actual Price as Percent of Parity Price
	1	2	3	4	5
	dollars	percent	dollars per barrel	dollars per barrel	percent
1909-10 to 1913-14 Av.	25.60	100	25.60	--	100
1929-30	24.20	164	41.98	- 17.78	58
1930-31	19.65	153	39.17	- 19.52	50
1931-32	19.90	133	34.05	- 14.15	58
1932-33	19.20	116	29.70	- 10.50	65
1933-34	22.05	119	30.46	- 8.41	72
1934-35	23.01	128	32.77	- 9.76	70
April 1 - Sept.14,1935	21.65	130 3/	33.28	- 11.63	65

1/ The crop year begins April 1 and ends March 31 of the year following.
2/ Weighted average annual prices. Monthly prices weighted by monthly receipts of turpentine at Savannah, Jacksonville and Pensacola; monthly prices are simple averages of Saturday closing prices per gallon, converted to prices per barrel of 50 gallons.
3/ April through August.

(continued)

TABLE 13

Prices Received and Corresponding Power Parity
for Some Properties

Part I: Based on Sample Price Indexes Derived by Regression at Par-Parity.

Item 1/	Census Average			
	Price per SQ:			
	Coef. Determ.:		Actual Price:	Actual Price
	Predicted by: Index of		:Above (+) or:	Census Average
	Property at: Price Index	Parity: Index (-)	:	of
	Parity 2/ : by Census :	Price : Parity Ratio:	Parity Price	Parity Price
	1	2	3	4
	Dollars	Percent	Dollars	Percent
		for Survey	for Survey	
1950-10 to				
1951-14 Av.	$ 84.85	120	$ 84.00	-- 100
1949-20	78.43	124	97.28	- 18.24 82
1948-21	76.13	122	92.87	- 14.11 86
1951-23	17.63	120	80.40	- 12.88 89
1952-23	73.89	114	84.30	- 9.19 91
1952-24	73.87	114	87.37	- 7.82 93
1954-23	83.89	114	95.54	- 4.73 96
Qtrly 3 - Dec., 31, 1949		Inc 3/	84.00	

1/ The ecdp price series (Qtrly 3 and ends March 31 of the year following.

2/ (Census price per SQ minus Survey Price Index), rounded to nearest integer.

3/ Qtrly Survey Index.

PART II: Based on Census Average Prices at the Seventy Median.

Year 1/	Census average:			
	Price per SQ: Index of	Parity: Actual Price	: Actual Price	
	Obj. Parcel : Price Ind:	Ratio : Above (+) or	: as Percent	
	: of	Survey : Below (-)	: of	
	: Property 2/ :	Parity :		
	1	2	3	4
	Dollars	Percent	Dollars	Percent
		for Survey	for Survey	
1950-10 to				
1951-14 Av.	$ 84.85	120	$ 84.00	-- 100
1949-20	81.42	124	97.28	- 15.86 85
1948-21	78.13	122	92.87	- 14.74 84
1951-23	74.63	120	89.40	- 14.77 83
1952-23	73.89	114	84.30	- 10.41 88
1952-24	73.87	114	84.30	- 10.43 88
1954-23	83.89	114	95.54	- 11.65 88
Qtrly 3 - Dec., 31, 1949		Inc 3/	84.00	

1/ Qtrly through March.

(continued)

Table II Cont'd.

Prices Received and Purchasing Power Parity
for Gum Turpentine

(Continued)

Sources of data for PART I:

Column 1: 1909-10 to 1913-14, Prices from Gamble's International Naval Stores Yearbook for 1929-30, page 20; weights are annual production as reported in Gamble's International Naval Stores Yearbook for 1932-33, Table inserted between pages 56 and 57: 1929-30 to 1933-34, Naval Stores Review and Journal of Trade, 44:1:11, April 7, 1934: 1934-35, Naval Stores Review, op.cit. 45:4:8, April 27, 1935.

Column 2: U. S. Dept. Agr., Bur. Agr. Econ., Arthur G. Peterson, Index Numbers of Prices, Taxes and Interest Payable by Farmers, mimeographed publication, August 1935, page 6.

Column 3: Column 2 multiplied by the average prices in the base period given in Column 1.

Column 4: Column 1 minus Column 3.

Column 5: Column 1 as a percent of Column 3.

Sources of data for PART II:

Column 1: 1909-10 to 1913-14, prices from Gamble's International Naval Stores Yearbook for 1932-33. Inserted table between pages 56 and 57; weights are annual production ibid.; 1929-30 to 1934-35, Naval Stores Review and Journal of Trade, 44:29:14. 1934; weights from Naval Stores Review op.cit. 44:7:10. 1934: April 1 to Sept. 14, 1935 from weekly issues of Naval Stores Review op. cit.

Column 2: U. S. Dept. Agr., Bur. Agr. Econ., Arthur G. Peterson, Index Numbers of Prices, Taxes and Interest Payable by Farmers, mimeographed publication, August 1935, page 6.

Column 3: Column 2 multiplied by the average prices in the base period given in Column 1.

Column 4: Column 1 minus Column 3.

Column 5: Column 1 as a percent of Column 3.

Economic Analysis Unit,
General Crops Section.

Table 12 Draft.

Prices Received and Purchasing Power Parity
for Corn Exporters

[continued]

Sources of data for Part 1:

Column 1: 1909-10 to 1913-14, Prices Corn Trade's
International Naval Stores Yearbook for 1909-09, page 99; weights com-
mercial prices as reported in Charles Tabletop Industrial Naval Stores
Standard for 1911-12, Table 1 entered between pages 81 and 87; 1909-10
to 1913-14, Naval Stores Review and Treasury of Trade, 40:11, April
7, 1910; 1910-12, Naval Stores Review, 41:11, 40:41, April 27, 1912.

Column 2: U. S. Dept. Agric., Bur. Corp. Agric. Bulletin 8, Price-
ment, Index Numbers of Prices, Power and Irrigated Lands by Percent,
Microcopyed Publication, August 1916, page 8.

Column 3: Column 2 multiplied by the returns prices in the
base period given in Column 1.

Column 4: Column 1 minus Column 3.

Column 5: Column 4 as a percent of Column 3.

Sources of data for Part 2:

Column 1: 1909-10 to 1913-14, prices Corn Trade's
International Naval Stores Yearbook for 1909-09. Inserted table be-
tween pages 81 and 87; weights are annual prices in 1911; 1909-10
to 1913-14, Naval Stores Review and Treasury of Trade, 40:11, 1910;
weights from Naval Stores Review, 41:11, April 27, 1912; 1914-15 by
Dept. 14, 1916 from weekly issues of Naval Stores Review, pp. 41.

Column 2: U. S. Dept. Agric., Bur. Corp. Agric.
Pricers, Index Numbers of Prices, Power and Irrigated Lands by Percent,
Microcopyed Publication, August 1916, page 8.

Column 3: Column 2 multiplied by the returns prices in the
base period given in Column 1.

Column 4: Column 1 minus Column 3.

Column 5: Column 4 as a percent of Column 3.

Economic Analysis Unit.
Cheryl Cooper Hawkins.

The parity price for the Naval Stores industry may also be considered in terms of the unit price received. In the extraction of Naval Stores the gum processors ordinarily secure one 50-gallon barrel of turpentine and 3-1/3 barrels (500-pound gross weight) of gum rosin. One barrel of turpentine and 3-1/3 barrels of rosin are therefore usually referred to as one unit. The pre-war base price of a unit of gum turpentine and rosin at the still was $51.12. In 1933-34 the price per unit was $38.50 as compared to the parity price of $60.83 so that the actual price was 63 percent of parity . The 1934-35 price of $45.02 at the still was 69 percent of parity or $20.41 below parity. Prices at the Savannah market show somewhat similar fluctuations and indicate that the April 1 to September 14, 1935 price of $48.62 per unit was approximately 64 percent of parity. Actual and parity prices per unit of Naval Stores are given in Table IV.

2. Interstate and Foreign Shipments.

Since 1921-22, estimated annual shipments of turpentine have varied between 555,000 barrels and 863,000 barrels. From 1930-31 to 1934-35 inclusive, calculated shipments totalled 653,000 barrels annually. In 1934-35, the calculated shipments were 555,000 barrels.

In the 15 years since 1921-22 exports have varied between 170,000 barrels and 330,000 barrels. For the five years ended 1934-35 they totalled 260,000 barrels or approximately 40 percent of the total shipments. In the five months from April 1 to September 1, 1935, exports of turpentine totalled 102,452 barrels as compared to 105,624 barrels in the same period of the previous marketing season.

Table III

Prices Received and Purchasing Power Parity
For Gum Rosin

PART I: Based on Season Average Prices Received by Producers at the Still.

Year 1/	Season Average Price per 500-lb. gross weight Barrel Received by Producers at Still 2/	Index of Prices paid by Farmers	Parity Price	Actual Price at Still Above (+) or Below (-) Parity Price	Actual Price as a Percent of Parity Price
	1	2	3	4	5
	dollars	percent	dollars per barrel	dollars per barrel	percent
1909-10 to 1913-14 Av.	8.46	100	8.46	-	100
1929-30	11.98	164	13.87	- 1.89	86
1930-31	7.69	153	12.94	- 5.25	59
1931-32	5.19	133	11.25	- 6.06	46
1932-33	3.90	116	9.81	- 5.91	40
1933-34	5.65	119	10.07	- 4.42	56
1934-35	7.03	128	10.83	- 3.80	65
April 1 to Sept. 30, 1935		130	11.00		

1/ Year beginning April 1 and ending March 31 of the following year.
2/ Average price per 500 pound gross weight barrel, after freight, commission, inspection fees and other port charges are deducted.

PART II: Based on Season Average Prices at the Savannah Market.

Year 1/	Season Average Price per 500-lb. Gross Weight Barrel at Savannah Market 2/	Index of Prices paid by Farmers	Parity Price	Market Price Above (+) or Below (-) Parity Price	Market Price as a Percent of Parity Price
	1	2	3	4	5
	dollars	percent	dollars per barrel	dollars per barrel	percent
1909-10 to 1913-14 Av.	9.81	100	9.81	--	100
1929-30	13.46	164	16.09	- 2.63	84
1930-31	8.96	153	15.01	- 6.05	60
1931-32	6.95	133	13.05	- 6.10	53
1932-33	5.05	116	11.38	- 6.33	44
1933-34	6.93	119	11.67	- 4.74	59
1934-35	8.15	128	12.56	- 4.41	65
April 1 to Sept. 14, 1935	8.09	130	12.75	- 4.66	63

1/ Year beginning April 1 and ending March 31 of the following year.
2/ Prices originally given in terms of 280 lb. gross weight barrels, converted to 500 lb. gross weight barrels by multiplying by 1.7857.

(Continued)

Indoor Derived and Underwood Three Ivory
Per Cwt Trade

PLATE 1: Bread on Ounce Averdu Prices Quoted by Tradesmen at the Mill.

Year 1/	Prices Asked by Merchants at Mill 2/	Prices Paid by Farmers	Parity Ratio	Index Number (Plus (+) or Minus (-) from Parity Price)	Actual Price as a Percent of Parity Price
	1.	2.	3.	4.	5.
1909-10 to 1913-14 3/	4.81	100	9.21	--	100
1914-15	12.40	124	12.09	- 1.31	84
1915-16	8.80	120	12.72	- 6.82	70
1916-17	8.28	128	13.08	- 6.10	82
1917-18	9.03	130	17.96	- 8.93	66
1918-19	11.03	148	17.61	- 6.74	84
1919-20	9.18	154	17.89	- 6.71	82
1920-21 1m					
April 1, 1921	8.00	154	12.73	- 4.94	62

(Continued)

1/ Prices originally given in terms of 200 lb. Cwas sacks; converted to per cwt. basis by multiplying by 1.0571.
2/ Prices Paid Index I and selling Index II as the following year.
3/ Year beginning April 1 and ending March 31 of the following year.

PLATE II: Bread on Ounce Average Prices as the Ground Basis.

Year 1/	Prices Asked by Merchants at Mill 2/	Prices Paid by Farmers	Parity Ratio	Index Number (Plus (+) or Minus (-) from Parity Price)	Actual Price as a Percent of Parity Price
	1.	2.	3.	4.	5.
1909-10 to 1913-14 3/	4.81	100	9.21	--	100
1914-15	6.66	104	9.42	-	120
1915-16	11.06	124	12.74	- 1.68	88
1916-17	7.69	132	13.24	- 5.55	70
1917-18	6.19	138	17.80	- 11.61	48
1918-19	8.83	134	9.81	- 0.98	90
1919-20	6.88	118	10.04	- 4.16	68
1920-21	4.83	130	10.31	- 5.48	49
April 1 to Sept. 30, 1921		130	11.69		

1/ Year beginning April 1 and ending March 31 of the following year.
2/ Average price per 200 pound Cwas sacks, after freight, commission, inspection fees and other charges have been deducted.

PLATE III: Based on Ounce Average Prices as the Ground Basis.

Year 1/	Prices Asked by Merchants at Mill 2/	Prices Paid by Farmers	Parity Ratio	Index Number (Plus (+) or Minus (-) from Parity Price)	Actual Price as a Percent of Parity Price
	1.	2.	3.	4.	5.
1909-10 to 1913-14 3/	Dollars 4.81	Percent 100	Ratio 9.21	--	Percent 100
1914-15	12.40	124	12.09	- 1.31	84
1915-16	8.80	120	12.72	- 6.82	70
1916-17	8.28	128	13.08	- 6.10	82
1917-18	9.03	130	17.96	- 9.32	66
1918-19	11.03	148	17.61	- 6.74	84
1919-20	9.18	154	17.89	- 6.71	82
1920-21 1m					
April 1, 1921	8.00	154	12.73	- 4.94	62

1/ Year beginning April 1 and ending March 31 of the following year.
2/ Prices originally given in terms of 200 lb. Cwas sacks; converted to per cwt. basis by multiplying by 1.0571.
3/ Year beginning April 1 and ending March 31 of the following year.

Table III Cont'd.

Prices Received and Purchasing Power Parity
for Gum Rosin

(Continued)

Sources of data for PART I:

Column 1: 1909-10 to 1913-14, prices from Gamble's International Naval Stores Yearbook for 1929-30, page 20: annual production from Neval Stores Review, and Journal of Trade, 44:1:11, April 7, 1934; 1929-30 to 1933-34, Naval Stores Review and Journal of Trade, 44:1:11, April 7, 1934; 1934-35, Naval Stores Review op.cit., 45:4:8, April 27, 1935.

Column 2: U. S. Dept. Agr., Bur. Agr. Econ., Arthur G. Peterson, Index Numbers of Prices, Taxes and Interest Payable by Farmers, mimeographed publication, August 1935, page 6.

Column 3: Column 2 multiplied by the average prices in the base period given in Column 1.

Column 4: Column 1 minus Column 3.
Column 5: Column 1 as a percent of Column 3.

Sources of date for PART II:

Column 1: 1909-10 to 1913-14, prices from Gamble's International Naval Stores Yearbook for 1932-33, table inserted between pages 56 and 57; annual production ibid.; 1929-30 to 1933-34, Naval Stores Review and Journal of Trade, 44:29:14. 1934; receipts from Naval Stores Review op.cit. 44:7:10. 1934; 1934-35 and April 1 to September 14, 1935 from weekly issues of Naval Stores Review op.cit.

Column 2: U. S. Dept. Agr., Bur. Agr. Econ., Arthur G. Peterson, Index Numbers of Prices, Taxes and Interest Payable by Farmers, mimeographed publication, August 1935, page 6.

Column 3: Column 2 multiplied by the average prices in the base period given in Column 1.

Column 4: Column 1 minus Column 3.

Column 5: Column 1 as a percent of column 3.

Economic Analysis Unit,
General Crops Section.

Table III Cont'd.

Prices Received and Purchasing Power Parity
for Corn Belt

(Continued)

Sources of data for Table I:

Column 1: 1910-12 to 1913-14, prices from Cowdrey's Differentiated Naval Stores Yardsheet for 1919-20, page 10; annual production from Naval Stores Review, and Journal of Trade, edition, April 7, 1924; 1919-20 to 1923-24, Naval Stores Review and Journal of Trade, April 7, 1924; 1924-25, Naval Stores Review, April 27, 1925.

Column 2: U. S. Dept. Agr., Bur. Agr. Econ., Yearbook of Agriculture, Index Numbers of Prices, Terms and Interest Payable by Farmers, Miscellaneous Publication, August 1928, page 8.

Column 3: Column 2 multiplied by the average prices in the base period given in Column 1.

Column 4: Column 1 minus Column 3.
Column 5: Column 1 as a percent of Column 3.

Sources of data for Table II:

Column 1: 1910-12 to 1913-14, prices from Cowdrey's Differentiated Naval Stores Yardsheet for 1919-20, page 10; annual production from Naval Stores Review, and Journal of Trade, edition, April 7, 1924; 1919-20 to 1923-24, Naval Stores Review and Journal of Trade, April 7, 1924; 1924-25, Naval Stores Review, April 27, 1925.

Column 2: U. S. Dept. Agr., Bur. Agr. Econ., Yearbook of Agriculture, Index Numbers of Prices, Terms and Interest Payable by Farmers, miscellaneous Publication, August 1928, page 8.

Column 3: Column 2 multiplied by the average prices in the base period given in Column 1.

Column 4: Column 1 minus Column 3.

Column 5: Column 1 as a percent of Column 3.

TABLE IV

Price Received and Purchasing Power Parity of
Gum Naval Stores Per Unit

A) At Still

Year	Price per 50-Gallon Barrel of Turpentine	Price per 500-lb. Barrel of Rosin	Price Per Unit 1/	Index of Prices Paid by Farmers	Parity Price Per Unit	Actual Price Above (+) or Below (-) Parity	Actual Price as Percent of Parity
	1	2	3	4	5	6	7
	dollars per barrel	dollars per barrel	dollars	percent	dollars	dollars	percent
1909-10 to 1913-14 Av.	22.92	8.46	51.12	100			
1929-30	22.45	11.98	62.38	164	83.84	- 21.46	74
1930-31	18.33	7.69	43.96	153	78.21	- 34.25	56
1931-32	17.43	5.19	34.73	133	67.99	- 33.26	51
1932-33	17.65	3.90	30.65	116	59.30	- 28.65	52
1933-34	19.67	5.65	38.50	119	60.83	- 22.33	63
1934-35	21.59	7.03	45.02	128	65.43	- 20.41	69
April 1 - Sept.14,1935				130	66.46		

1/ A unit is ordinarily 1 barrel of turpentine and 3-1/3 barrels of rosin.

B) At Savannah Market

	1	2	3	4	5	6	7
1909-10 to 1913-14 Av.	25.60	9.81	58.30	100			
1929-30	24.20	13.46	69.07	164	95.61	- 26.54	72
1930-31	19.65	8.96	49.52	153	89.20	- 39.68	56
1931-32	19.90	6.95	43.07	133	77.54	- 34.47	56
1932-33	19.20	5.05	36.03	116	67.63	- 31.60	53
1933-34	22.05	6.93	45.15	119	69.38	- 24.23	65
1934-35	23.01	8.15	50.18	128	74.62	- 24.44	67
April 1 - Sept.14,1935	21.65	8.09	48.62	130	75.79	- 27.17	64

Source of data: See Tables II and III.

Economic Analysis Unit.
General Crops Section.

Estimated annual shipments of United States rosin have varied between 1,824,000 barrels and 2,847,000 barrels during the 15 years since 1921-22. In the five years ended 1934-35 they averaged 2,302,000 barrels annually, and in 1934-35 the estimated shipments of rosin totalled 2,116,000 barrels.

Since 1921-22 exports of rosin varied between 676,000 barrels and 1,463,000 barrels. In the five years ended 1934-35 they totalled 1,157,000 barrels or 50 percent of the estimated total shipments. During 1934-35, rosin exports totalled 1,060,000 barrels. In the five months ended August 31, 1935 of the current season, exports of rosin totalled 506,000 barrels as compared to 415,000 barrels in the same period of the 1934-35 season.

Table V summarizes calculated shipments and exports of turpentine and rosin from 1921-22 to 1934-35 inclusive. Exports by months of gum and wood Naval Stores are given in detail in Tables XXXVI to XLV inclusive.

In Table VI a summary of the available information on domestic utilization of turpentine and rosin in the United States since 1932-33 is given. The reports cover approximately 20 percent of the estimated domestic shipments of rosin, and 84 percent of the domestic shipments of turpentine, and are believed to be representative of the actual domestic utilization of Naval Stores. For turpentine the principal market use is in the paint, varnish and lacquer industry. In the past three years approximately 75 percent of the reported consumption has been in this industry. Industrial uses in the shoe polish industry accounted for 18 percent of the reported consumption. The principal domestic utilization

TABLE V

United States Shipments of Turpentine and Rosin

1921-22 to 1934-35

Year 1/	Estimated Total Shipments of Turpentine	Exports of Turpentine	Exports as Percent of Total Shipments	Estimated Total Shipments of Rosin	Exports of Rosin	Exports as Percent of Total Shipments
	1	2	3	4	5	6
	Thousand Barrels	Thousand Barrels	Per-Cent	Thousand Barrels	Thousand Barrels	Per-Cent
1921-22	653	210	32.2	1,101	576	52.3
1922-23	592	170	28.7	2,029	950	46.8
1923-24	695	224	32.2	2,396	1,170	48.8
1924-25	700	230	32.7	2,563	1,463	57.1
1925-26	676	227	33.0	2,377	1,083	45.6
1926-27	706	256	36.3	2,478	1,129	45.6
1927-28	835	350	40.0	1,824	1,373	75.3
1928-29	764	277	35.3	2,754	1,278	46.4
1929-30	803	339	39.3	2,847	1,365	47.9
1930-31	850	328	32.7	2,660	1,317	49.8
1931-32	651	251	38.6	2,137	1,120	51.2
1932-33	589	225	38.2	2,236	1,089	48.7
1933-34	643	300	46.7	2,311	1,393	54.2
1934-35	555	197	35.5	2,118	1,060	50.1

Sources of data:

Column 1: Table XXX Column 6.
Column 2: Table XXX Column 7.
Column 3: Column 2 divided by Column 1.
Column 4: Table XXXI Column 6.
Column 5: Table XXXI Column 7.
Column 6: Column 5 divided by Column 4.

Economic Analysis Unit,
General Crops Section.

Table X

United States Shipments of Tungsten and Basis

1941-60 to 1961-62

Item 1/							
	A	B	C	D	E	F	G
Period							
1941-45	850	740	86.4	3,321	648	20.2	
1946-50	886	1,140	80.7	3,048	868	68.8	
1951-54	640	884	74.4	3,884	1,178	88.8	
1951-52	760	880	76.7	3,----	1,----	87.1	
1952-54	672	884	72.8	3,217	1,082	88.4	
1955-59	856	884	74.3	3,648	1,188	82.4	
1955-60	1,118	900	80.4	3,----	1,----	72.2	
1955-59	1,114	877	80.2	3,718	1,----	84.4	
1956-60	1,----	884	78.8	3,----	1,----	84.2	
1956-61	1,182	880	78.7	4,----	1,----	84.2	
1957-61	1,----	884	78.4	3,----	1,----	84.2	
1958-62	1,----	884	78.4	3,----	1,----	84.2	
1959-61	1,----	884	78.4	3,----	1,----	84.2	
1960-62	1,----	884	78.4	3,----	1,----	84.2	

Sources of Data:

Column 1: Table III, Column 8.
Column 2: Table III, Column 7.
Column 3: Column 2 divided by Column 1.
Column 4: Table III, Column 4.
Column 5: Table III, Column 7.
Column 6: Column 5 divided by Column 4.

Commodity Analysis Unit,
Mineral Trade Section.

Reported Consumption of Turpentine and Rosin in the United States: 1932-33 to 1934-35 1/
(Combined Gum and Wood Products)

Industry	TURPENTINE -- 50 gallon barrels						ROSIN - 500 pound barrels					
	1932-33		1933-34		1934-35		1932-33		1933-34		1934-35	
	Barrels	Percent of total	Barrels	Percent of total	Barrels	Percent of total	Barrels	Percent of Total	Barrels	Percent of Total	Barrels	Percent of Total
	1	2	3	4	5	6	7	8	9	10	11	12
Paint, Varnish & Lacquer	45,604	74.1	51,365	76.2	51,725	74.6	121,240	17.0	168,640	20.0	176,000	19.9
Paper and Paper Size	33	.1	29	2/	43	.1	261,000	36.5	320,910	38.1	337,000	38.1
Shoe Polish	10,986	17.8	11,516	17.1	12,678	18.3	290	.1	850	.1	1,130	.1
Soap	175	.3	113	.2	200	.3	261,350	36.5	264,173	31.4	283,465	32.0
Oils and Greases	586	.9	201	.3	191	.3	21,899	3.1	30,634	3.6	31,833	3.6
Linoleum & Floor Covering	51	.1	2	2/	6	2/	16,003	2.2	19,530	2.3	15,854	1.8
Sealing Wax, Pitch, Insulation and Plastics	725	1.2	605	.9	632	.9	11,596	1.6	11,519	1.4	16,115	1.8
Printing Ink	453	.7	589	.8	376	.5	10,225	1.4	11,677	1.4	11,872	1.3
Chemicals & Pharmaceuticals	650	1.1	748	1.1	802	1.2	3,026	.4	3,880	.5	3,956	.4
Foundaries & Foundry Supplies	115	.2	206	.3	137	.2	3,665	.5	1,670	.2	2,785	.3
Automobiles & Wagons	665	1.1	853	1.3	869	1.3	773	.1	1,506	.2	1,473	.2
Matches	0		0		0		3,749	.5	3,160	.4	1,586	.2
Shipyards and Carshops	684	1.1	511	.8	718	1.0	108	2/	36	2/	60	2/
Other Industries	799	1.3	830	1.2	896	1.3	770	.1	3,045	.4	3,007	.3
Total Reported	61,528	100.0	67,368	100.0	69,306	100.0	715,657	100.0	841,271	100.0	884,836	100.0
Calculated Dom. Shipments	364,000		343,000		358,000		1,147,000		1,013,000		1,056,000	
Total Reported as percent of Calculated Domestic Shipments		16.9		19.6		19.4		62.4		83.0		83.8

1/ Compiled from reports of individual consumers for the calendar year. Since industrial consumption is fairly uniform throughout the year in most industries, no material error is involved in using these figures on the Naval Stores season basis.
Source of data: U.S. Dept. Agr., Bur. Chemistry and Soils, and Agr. Adj. Admin. 1934-35 Annual Naval Stores Report July 31, 1935, p. 7; Calculated Domestic Shipments, Column 8 in Tables and

2/ Less 1/10 of 1 percent.

Economic Analysis Unit
General Crops Section.

Estimated Gum and Wood Production of Turpentine and Rosin

1921-22 to 1934-35 inclusive

Year	Turpentine				Rosin			
	Total	Gum	Wood	Gum as Percent of Total	Total	Gum	Wood	Gum as Percent of Total
	1	2	3	4	5	6	7	8
	thousand barrels 1/			percent	thousand barrels 2/			percent
1921-22	605	597	8	98.7	2,062	2,033	29	98.6
1922-23	565	548	37	93.7	1,986	1,834	152	92.3
1923-24	717	665	52	92.7	2,390	2,189	201	91.6
1924-25	703	638	65	90.8	2,403	2,105	298	87.6
1925-26	652	585	67	89.7	2,216	1,931	285	87.1
1926-27	703	624	79	88.8	2,444	2,079	365	85.1
1927-28	859	772	87	89.9	2,986	2,534	452	84.9
1928-29	771	685	86	88.8	2,713	2,281	432	84.1
1929-30	859	767	92	89.3	2,896	2,417	479	83.5
1930-31	810	733	77	90.5	2,870	2,429	441	84.6
1931-32	671	612	59	91.2	2,359	2,036	323	86.3
1932-33	575	501	74	87.1	2,073	1,670	403	80.6
1933-34	625	526	99	84.2	2,297	1,753	544	76.3
1934-35	603	510	93	84.6	2,229	1,700	529	76.3

1/ 50-gallon barrels of turpentine.
2/ 500-pound barrels of rosin.

Source of data: Table XXV Columns 3,4,5,8,9, and 10.

Economic Analysis Unit,
General Crops Section, A.A.A.

of rosin has been in the soap industry which consumed 32 to 37 percent of the reported consumption and in paper mills which accounted for about 38 percent of the reported consumption. From 17 to 20 percent of the rosin consumption reported was used in the paint, varnish and lacquer industry.

It is significant that both turpentine and rosin are used primarily in manufacturing processes. This is especially true for rosin, which is sold in relatively small quantities directly to the ultimate consumer. Turpentine is more widely used directly by the ultimate consumer.1/ Since Naval Stores have such specialized uses, however, domestic markets are almost entirely outside of the states in which turpentine and rosin are produced. The principal industrial consumers are in the Northern states. Table VII summarizes the location of the principal industrial plants secured from reports of the Bureau of Chemistry and Soils.

3. Economic Aspects of the Naval Stores Industry

(a) Naval Stores Production by Gum and Wood Processors. The proposed marketing agreement is to apply to all Naval Stores shipments in the United States. There are two principal types of processors who are therefore included in this agreement, namely, the gum and wood processors. The gum turpentine and gum rosin industry is concerned with extraction, distillation and marketing of the semi-fluid exudation from certain species of living pine trees. The crude gum is distilled to obtain gum rosin and turpentine, or it may be cleaned to obtain oleo-rosin, which contains both

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1/ This fact is probably the principal reason that the reports on industrial consumption are more complete for rosin than for turpentine.

Table VII

Principal Consumers and Location of Plants for Utilization of Turpentine and Rosin in the United States.

Soap

Armour Soap Works	Chicago, Illinois North Bergen, New Jersey
Colgate-Palmolive-Peet Company	Berkeley, California Jeffersonville, Indiana Jersey City, New Jersey Kansas City, Kansas
J. Hevenson & Sons, Inc.	Camden, New Jersey
Fels & Company	Philadelphia, Pennsylvania
Fitzpatrick Bros.,Inc.	Chicago, Illinois
Haskins Bros. & Company	Omaha, Nebraska
Iowa Soap Company	Burlington, Iowa.
Kirkman & Son, Inc.	Brooklyn, New York
Larkin Company	Buffalo, New York
Lever Bros. Company	Cambridge, Massachusetts Hammond, Indiana
Geo. E. Marsh Company	Lynn, Massachusetts Cambridge, Massachusetts
Proctor-Gamble Company	Ivorydale, Ohio Staten Island, New York Kansas City, Kansas. St. Louis, Missouri Baltimore, Maryland Chicago, Illinois Long Beach, California
The M. & J. Schnaible Company	Lafayette, Indiana.
John T. Stanley Company, Inc.	New York City, New York
Swift & Company	East Cambridge, Mass. Chicago, Illinois.

(Continued)

Principal Measures and Ideals in the United States
of Corporate and Asset in the United States.

None

Armour and Swift	Chicago, Illinois
College-Trained Engineers	Cleveland, Pittsburgh Tuscaloosa, India Kansas City, New Jersey Kansas City, Kansas
J. Leonard & Son, Inc.	Omaha, New Jersey
Jule & Company	Philadelphia, Pennsylvania
Kingsbridge Home, Inc.	Chicago, Illinois
Leslie Corn & Company	Omaha, Nebraska
Iowa Hemp Company	Mayfield, Iowa.
Kingman & Son, Inc.	Brooklyn, New York
Lewis Company	Dallas, New York
Love Corn Company	Cambridge, Massachusetts Concord, Indiana
Geo. E. Price Company	Lynn, Massachusetts Cambridge, Massachusetts
Provision-Handle Company	Lowndale, Ohio Akron Point, New York Kansas City, Kansas St. Louis, Missouri Baltimore, Maryland Ottawa, Illinois Long Beach, California
The E. & J. Manville Company	Lafayette, Indiana.
John F. Bundy Company, Inc.	New York City, New York
Hull & Company	Port Huntington, Wash. Odessa, Illinois.

(Continued)

Principal Consumers and Location of Plants for Utilization of Turpentine and Rosin in the United States.

(Continued)

Paper

American Cyanimid & Chemical Corp.	Warners, New Jersey Erie, Pennsylvania Kalamazoo, Michigan Waterbury, Connecticut Valdosta, Georgia DeQuincy, Louisiana Pensacola, Florida
Bogalusa Paper Company	Bogalusa, Louisiana
Castanea Paper Company	Johnsonburg, Pennsylvania Lock Haven, Pennsylvania
Eastern Manufacturing Company	South Brewer, Maine Basin Mills, Maine Lincoln, Maine
Fireboard Products Company	San Francisco, California
Hammermill Paper Company	Erie, Pennsylvania
Hollingsworth & Whitney Company	Winslow, Maine Gardiner, Maine
Great Northern Paper Company	Millinocket, Maine East Millinocket, Maine Madison, Maine
International Paper Company	Fort Edward, New York Palmer, New York Chisholm, Maine Niagara Falls, New York Turner Falls, Massachusetts Piercefield, New York Ticonderoga, New York N. Tonawanda, New York Panama City, Florida
New York & Pennsylvania Company	Lock Haven, Pennsylvania
Paper Makers Chemical Corp.	Wilmington, Delaware Albany, New York Atlanta, Georgia Carthage, New York Easton, Pennsylvania Holyoke, Massachusetts Jacksonville, Florida Kalamazoo, Michigan

(Continued)

Principal Customers and Location of Plants for Utilization
of Terpenoids and Resin in the United States.

(Continued)

Name	
Hercules Powder & Chemical Corp.	Parlin, New Jersey Wilmington, Delaware Kalamazoo, Michigan Hattiesburg, Mississippi Valdosta, Georgia Brunswick, Georgia Savannah, Georgia
Imperial Paper Company	Augusta, Georgia
Interstate Paper Company	Georgetown, South Carolina Lake Owen, Louisiana
Interwoven Manufacturing Company	Cedar River, Texas Pasco Mill, Texas Silsbee, Texas
Kimberly-Clark Corporation	Fort Edward, New York
Monsanto Chemical Company	Texas
Mulligan-Sells & Alpine Company	Elkins, Texas Carrizo, Texas
Owens-Illinois Glass Company	Alton, Illinois Fort Hill, Illinois Shelton, Texas
Rayonier Incorporated	Port Angeles, New York Palmer, New York Grayling, Texas Fernandina, Florida Jesup, Georgia Port Wentworth, Georgia Panama City, Florida
Rex Pulp & Chemical Company	Lake Charles, Louisiana
Riegel Paper Corporation	Milford, New Jersey Riegelwood, North Carolina
Rock-Tenn Company	Rome, Georgia
Southern Kraft Division, International Paper Company	Moss Point, Mississippi Panama City, Florida Georgetown, South Carolina Natchez, Louisiana
Southwest Forest Industries	Snowflake, Arizona
Stone Container Corporation	Missoula, Montana Hodge, Louisiana Port Wentworth, Georgia
Temple-Eastex, Incorporated	Diboll, Texas
Union Camp Corporation	Savannah, Georgia Eastover, South Carolina Franklin, Virginia Prattville, Alabama Filer City, Michigan
Weyerhaeuser Company	Longview, Washington Plymouth, North Carolina Columbus, Mississippi New Bern, North Carolina Grand Prairie, Texas Kamloops, British Columbia
Willamette Industries, Inc.	Albany, Oregon Corvallis, Oregon Eugene, Oregon Newberg, Oregon Salem, Oregon Springfield, Oregon Albany, New York Bennettsville, South Carolina Clinton, North Carolina Florence, South Carolina Hamilton, Alabama Lumberton, North Carolina Oglethorpe, Georgia Pine Hill, Alabama Riegelwood, North Carolina Sandersville, Georgia Taylorsville, Mississippi Tyler, Texas Wiggins, Mississippi

(Continued)

Principal Consumers and Location of Plants for Utilization of Turpentine and Rosin in the United States

(Continued)

Paper

Paper Makers Chemical Corp.	Lockport, New York Marrero, Louisiana Milwaukee, Wisconsin
S. D. Warren Company	Cumberland Mills, Maine
Continental Paper & Bag Corp.	York Haven, Pennsylvania
W. Virginia Pulp & Paper Company	Williamsburg, Pennsylvania Merchamicville, New York Tyrone, Pennsylvania Piedmont, W. Virginia Covington, Virginia

Paints & Varnishes

Acme White Lead and Color Works (Controlled by Sherwin-Williams)	Detroit, Michigan Los Angeles, California. Dallas, Texas
Devoe & Raynolds Company	Brooklyn, New York Chicago, Illinois.
E. I. de Pont de Nemours Company	Wilmington, Delaware Chicago, Illinois Everett, Massachusetts Philadelphia, Pa. Flint, Michigan Pompton Lakes, N. J. Perth Amboy, New Jersey Carney's Point, N. J. Carrollville, Wisconsin New Brunswick, N. J.
Lowe Bros. Company	Dayton, Ohio
Benj. Moore & Company	Newark, New Jersey Carteret, New Jersey Chicago, Illinois Cleveland, Ohio St. Louis, Mo.
Pittsburgh Plate Glass Company	Milwaukee, Wisconsin Portland, Oregon

(Continued)

Principal Consumers and Industries of Users for Utilization
of Terpenoids and Terpene Derivatives

(Continued)

Terpene

Pure Spice Chemical Corp.

A. D. Baron Company

Chemical Type A Company

B. Mundale Pulp & Paper Company

Terpene & Terpinene

Acme Alloy Steel Cable Corp.
(controlled by Chemie-Utilcon)

Davis & Reynolds Company

W. I. da Pont de Nemours Company

Iowa Dyne Company

Mel. Dave & Company

Pittsburgh Plate Glass Company

Principal Consumers and Location of Plants for Utilization of Turpentine and Rosin in the United States.

(Continued)

Paints & Varnishes	
Pratt & Lambert, Inc.	Buffalo, New York
Sherwin-Williams Company	Chicago, Illinois Cleveland, Ohio Newark, New Jersey Oakland, California
Valentine & Company	Brooklyn, New York
The Glidden Company	Minneapolis, Minn. Cleveland, Ohio San Francisco, California
Chemicals & Pharmaceuticals	
Johnson & Johnson	New Brunswick, N. J.
Parke-Davis & Company	Detroit, Michigan
West Disinfectant Company	Long Island, N. Y.
William R. Warner & Co., Inc.	St. Louis, Missouri
Vick Chemical Company	Philadelphia, Pa. Greensboro, N. C.
Frederick Sterns & Company	Detroit, Michigan
Rex Products & Manufecturing Co.	Detroit, Michigan
Oils & Greases	
Atlantic Refining Company	Philadelphia, Pa. Franklin, Pa. Pittsburg, Pa.
Georgia Rosin Products Company	Savannah, Ga.
Mobile Rosin Oil Company	Crichton, Alabama.
National Rosin Oil & Size Co.	Savannah, Ga.
Standard Oil Co. of New Jersey	Linden, New Jersey Jersey City, N. J. Baltimore, Maryland Parkersburg, W. Va. Charleston, S.C.

Source of data: Bureau of Chemistry and Soils, courtesy of Dr. F. P. Veitch.

Principal Commercial Centers of Plants for Utilization
of Tropical Products and Goods in the United States.

(Continued)

Paints & Varnishes

Evans & Lambert, Inc.	Wallkill, New York
Gabriel-Williams Company	Clinton, Illinois Cleveland, Ohio Newark, New Jersey Oakland, California
Valentine & Company	Newcliff, New York
Van Gilden Company	Minneapolis, Minn. Milwaukee, Wisc. Des Moines, Iowa New Orleans, Louisiana

Chemicals & Pharmaceuticals

Adams & Johnson	Port Reading, N. J.
Burke-Dowie & Company	Natrona, Pennsylvania
East Alkaline Works Company	Long Island, N. Y.
Gillies T. Moore & Co., Inc.	St. Louis, Missouri
Vick Chemical Company	Philadelphia, Pa. Greensboro, N. C.
Woodward Baker & Company	Peoria, Illinois
Zinc Products & Smelting Co.	Perth, New Jersey

Oils & Greases

Atlantic Refining Company	Philadelphia, Pa. Franklin, Pa. Pittsburg, Pa.
Beaver Tools Products Company	Warren, Pa.
Bowle Davis Oil Company	Chicago, Illinois
Central Paint & Oil Co.	Memphis, Tenn.
Chemical Oil Co. of New Jersey	Linden, New Jersey Tulsa, Okla. N. J. Wellington, Australia Portsmouth, O. Pa. Clearfield, Pa.

Source of data: Bureau of Chemistry and Soils, courtesy of
Dr. J. P. Wilson.

turpentine and rosin. Since 1921, approximately 90 percent of the total production of turpentine and 86 percent of the total production of rosin has been obtained from the gum industry. In the five years ending 1934-35 the gum industry has supplied 88 percent of the total turpentine and 81 percent of the total rosin. In 1934-35 approximately 85 percent of the turpentine produced and 76 percent of the rosin produced were obtained from the gum industry. Table VIII gives in detail production of turpentine and rosin by the gum industry since 1921-22.

The other source of Naval Stores from pine wood which accounts for the remaining United States production, is from wood distillation. The process differs from the gum industry primarily by the fact that the turpentine and rosin are procured from stumps of "dead down" timber rather than from cupping live pine trees. The wood distillation process is relatively new in commercial significance and since 1921-22 has provided approximately 10 percent of the turpentine and 14 percent of the rosin produced in the United States. From 1931-32 to 1934-35 inclusive, it provided 12 percent of the turpentine and 19 percent of the rosin and in 1934-35 approximately 15 percent of the turpentine and 24 percent of the rosin. Table VIII gives the data for the wood distillation industry in detail since 1921-22.

Though the method of procuring the turpentine and rosin differs in the gum and wood distillation industry, the final products obtained are generally used for the same purposes and the supplies obtained by the two methods are the available supplies of Naval Stores. The gum industry is the older of the two. The wood distillation industry has been commercially significant only for the past fifteen years.

American Society for Testing Materials and United States Government Specifications -

Constants for the purchase of the several recognized kinds of American Spirits of Turpentine

(These are generally accepted in this country as a basis for the purchase and sale of turpentine.)

	Gum Spirits of Turpentine	Wood Turpentines		
		Steam Distilled	Sulphate	Destructively Distilled
Specific gravity 15.5/15.5°C	0.860 to 0.875	0.860 to 0.875	0.860 to 0.875	0.860 to 0.866
Refractive Index 20°C	1.465 to 1.475	1.465 to 1.475	1.465 to 1.475	1.463 to 1.483
Initial boiling point at 760 mm pressure	150 to 160°C	150 to 160°C	150 to 160°C	150 to 157°C
Distilling below 170°C	90 - 98	90 - 95	90 - 95	60 - 80
Sulphur or chlorine	absent	absent	present	absent
Cresols and phenols	absent	absent	absent	present
Odor like	fresh longleaf pine wood	Seasoned longleaf pine wood	Seasoned longleaf pine wood with traces of garlic	Pyroligneous

No reference is made in standard specifications regarding the presence in any of the kinds of turpentine of sulphur or chlorine, one or both of which get into sulphate wood turpentine through the refining process, nor to cresols and phenols. Neither do specifications attempt for obvious reasons to define odor. All this information is included here to give as complete picture as possible.

Source of data: Dr. F. P. Veitch, U. S. Dept. Agr., Bur. Chemistry and Soils.

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The common characteristics of Naval Stores from the two sources of production are indicated by the fact that the American Society for testing Materials and United States Government specifications for purchase of American spirits of turpentine are identical. The specifications and descriptive comments, supplied by Dr. F. P. Veitch, Bureau of Chemistry and Soils, United States Department of Agriculture, are summarized in Tables IX and X. Turpentine and rosin for the paint, soap, paper and other industries are supplied by both the wood and gum products.

A close relation between wood and gum prices is to be expected in view of the identical uses of the wood and gum products. In Figures 1 and 2 and Tables XI and XII, New York monthly prices of wood and gum turpentine from January, 1925 to September, 1935, and wood and gum rosin from May, 1926 to September, 1935 are given. These data illustrate clearly the close relationship between the prices quoted for the gum and wood products. Moreover, a comparison of these prices with Savannah and Jacksonville prices of gum turpentine and rosin further indicate that major changes in all the monthly prices are markedly similar.

(b) Factors Affecting Changes in Prices Received for Turpentine. For purposes of calculating the possible influence of changes in supplies of turpentine for shipment on changes in prices an analysis has been made of factors affecting annual changes in prices from 1921-22 to 1934-35 inclusive.

As an accurate record of annual prices of turpentine, as well as of rosin, the Savannah prices are used. Savannah prices are the basis for practically all sales of Naval Stores and they are believed to be the most reliable quotations for commercial transactions that are available.

TABLE X

USUAL CONSTANTS OF ROSINS

(Some Constants of Some Rosins will Fall Outside These Limits)

	Gum Rosin	Wood Rosins
Melting Point (capillary tube)	60° to 75°C	55° to 75°C
Acid Number	158 to 172	150 to 165
Saponification Number	167 to 184	166 to 175
Unsaponifiable Percent	5 to 11	5 to 14
Ash Percent	0.01 to 0.1	0.02 to 0.05

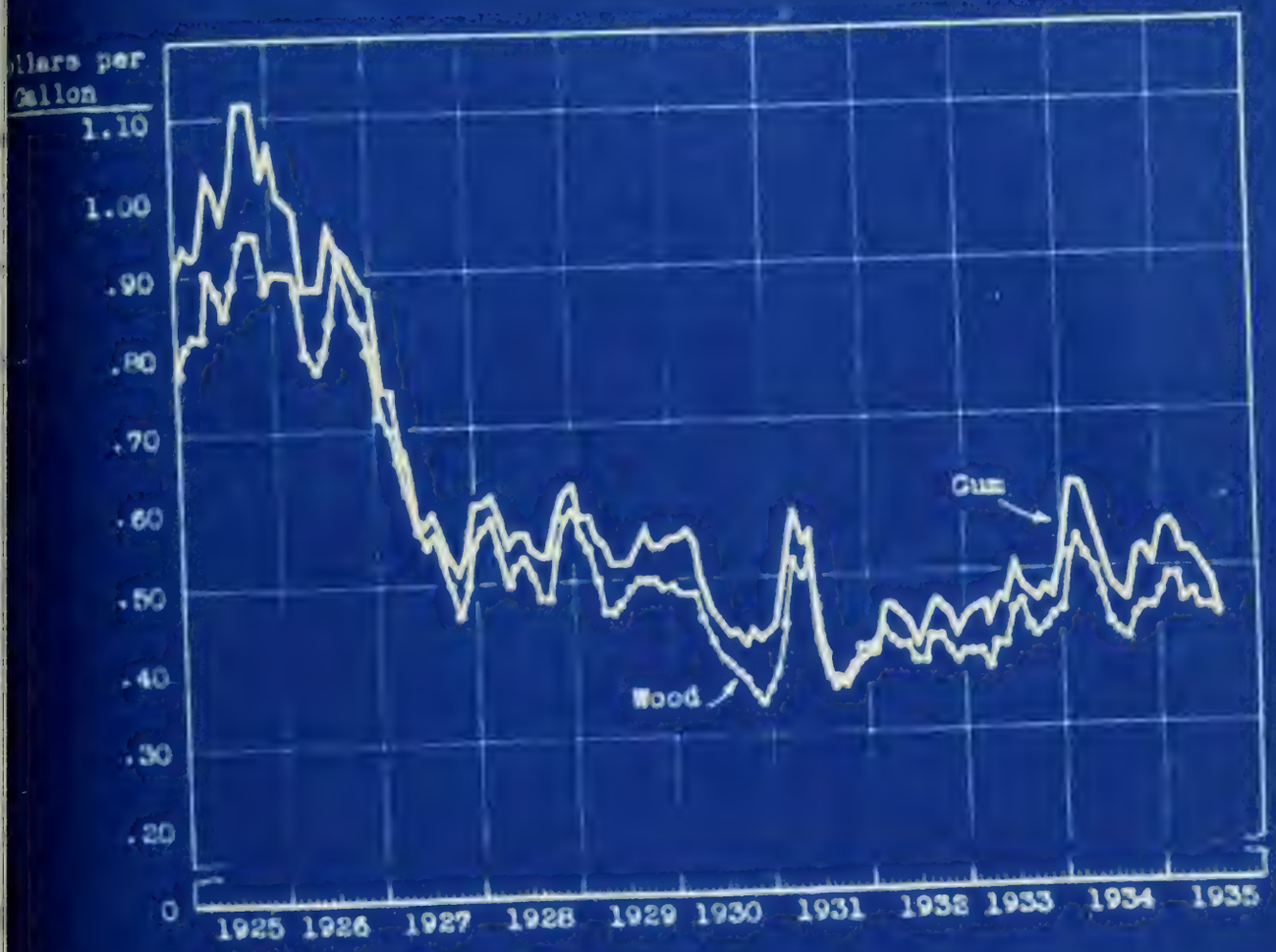
Source of data:
Dr. F. P. Veitch, U. S. Dept. Agr., Bur. Chemistry and Soils.

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TABLE I

Figure

York Monthly average Price per Gallon of Gum and Wood Turpentine, from January 1925 to August 1935.



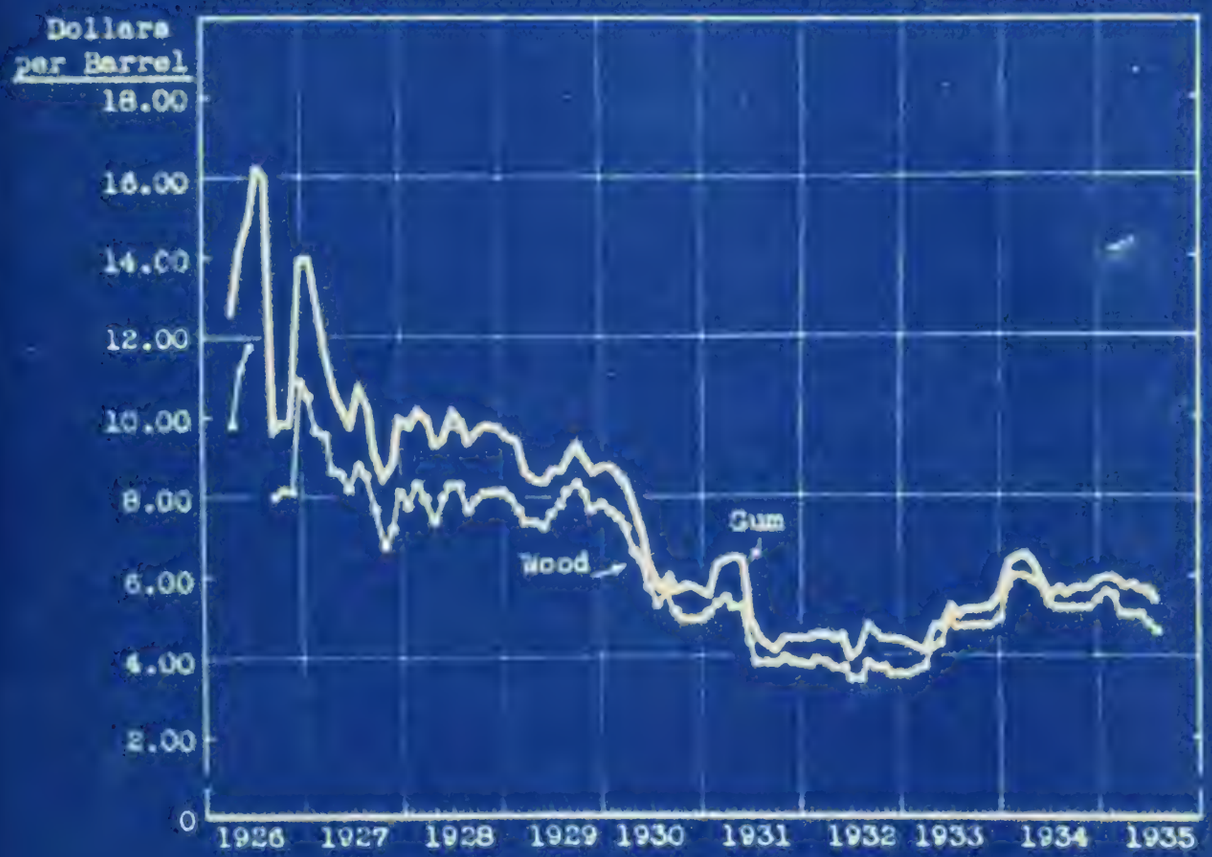
Source of data: See table .

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Figure 1

Figure 2

New York Monthly Average Price per 280 Pound Barrel of Gum and Wood Rosin, May 1926 to August 1935.



Source of data: See table [illegible].

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Figure 3

Jacksonville is the other principal market for open sale of Naval Stores received from processors. An examination of prices at Savannah and Jacksonville by months from January 1932 to September 1935 demonstrate that the prices in the two markets are practically the same. The data are given in Table XIII.[1/]

An examination of the available data indicates that changes in annual Savannah prices of turpentine are closely related to changes in total production of turpentine in the United States, changes in consumer purchasing power for turpentine and changes in United States commercial carryover and imports of turpentine into the United States.

Variation in consumer purchasing power for turpentine should be represented by a measure of industrial production because of the nature of turpentine utilization. Owing to the relatively widespread direct use of turpentine by ultimate consumers as well as manufacturers, the Annalist Index of Business Activity is selected as the measure of fluctuation in purchasing power for turpentine. The index, which includes monthly production of automobiles, lumber, electric power, pig iron, steel ingots, zinc, cement, boots and shoes, consumption of cotton, silk and wool, and freight car loadings, is believed to be sufficiently inclusive to be representative of the consumer factors affecting demand for turpentine.[2/]

United States commercial carryover of turpentine includes stocks of gum turpentine at distributing points, wood turpentine held by the

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1/ These prices are weighted by receipts of turpentine and rosin at Savannah, Jacksonville and Pensacola. Table XIII gives the annual production of turpentine and rosin and annual receipts at the three ports from 1929-30 to 1934-35 inclusive.

2/ The component series and method of construction are discussed in the Annalist, Volume 42, No. 1074, Aug. 1933, p. 213 and p. 238.

of two turbines at distributing points, when turbines built at the same unit, and turbine are located, is believed to be sufficiently increased to be responsible for the numerous factors affecting demand for turbines.[3/]

Until quite recently commercial monitoring of turbine imports began mostly physical movement of commodities, labor, electric power, big items, steel ingots, rice, cement, beets and straw, consumption of cotton, silk and wool, and textile and leather, is believed to be sufficiently increased to be responsible for the numerous factors affecting demand for turbines.[3/]

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Until quite recently commercial monitoring of turbine imports began mostly physical movement of commodities, labor, electric power, big items, steel ingots, rice, cement, beets and straw, consumption of cotton, silk and wool, and textile and leather, is believed to be sufficiently increased to be responsible for the numerous factors affecting demand for turbines.[3/]

[3/] These prices are weighted by receipts of turbines and their replacement, textiles and rayon and cement weighs as the three percentage of turbines and rayon and cement weighs as the three [illegible] 1100-30 to 1904-30 inclusive.

[2/] The component series and method of computations are discussed in the Monthly Review of the Federal Reserve Bank of New York, June 1924, pp. 412 and 1, and [illegible] pp. 1924, Dec. 1924, pp. 412 and 1, and [illegible]

New York Monthly Turpentine Prices per Gallon, [illegible], January 1924 to August 1935

Month	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
	1	2	3	4	5	6	7	8	9	10	11	12
					Gum Turpentine, Dollars per Gallon							
Jan.	1.00	.90	1.07	.88	.60	.62	.55	.43	.40	.44	.52	.55
Feb.	1.02	.94	1.00	.75	.60	.58	.55	.44	.40	.45	.61	.56
Mar.	1.01	.92	.99	.75	.61	.58	.56	.51	.46	.46	.61	.55
Apr.	.99	.93	.98	.68	.58	.55	.54	.57	.46	.43	.59	.52
May	.90	1.03	.88	.64	.54	.54	.49	.54	.45	.47	.56	.52
June	.84	1.01	.88	.58	.56	.52	.46	.56	.44	.46	.52	.50
July	.84	.97	.88	.57	.56	.52	.44	.41	.41	.51	.48	.48
Aug.	.88	1.02	.96	.59	.54	.52	.43	.37	.43	.48	.47	.44 1/
Sept.	.89	1.12	.93	.56	.53	.54	.43	.37	.47	.47	.46	
Oct.	.88	1.12	.92	.53	.53	.56	.41	.36	.46	.46	.52	
Nov.	.86	1.12	.90	.51	.58	.54	.43	.39	.45	.48	.53	
Dec.	.84	1.02	.88	.54	.61	.54	.42	.39	.42	.47	.51	
Year	.92	1.02	.99	.69	.57	.57	.48	.48				
					Steam-distilled Wood Turpentine, Dollars per Gallon							
Jan.	.88	.78	.90	.80	.55	.59	.49	.36	.41	.40	.45	.47
Feb.	.90	.81	.90	.72	.57	.56	.48	.38	.40	.40	.52	.49
Mar.	.90	.82	.90	.70	.58	.54	.48	.44	.43	.40	.54	.49
Apr.	.86	.82	.88	.66	.54	.50	.48	.52	.42	.38	.52	.46
May	.85	.90	.80	.62	.50	.46	.45	.50	.41	.41	.50	.47
June	.79	.88	.78	.57	.52	.46	.42	.52	.41	.41	.47	.45
July	.74	.85	.80	.55	.53	.47	.40	.46	.39	.45	.43	.45
Aug.	.77	.89	.84	.56	.51	.49	.39	.40	.39	.46	.42	.44 1/
Sept.	.80	.94	.92	.53	.48	.50	.38	.36	.42	.43	.41	
Oct.	.82	.95	.92	.50	.48	.50	.37	.36	.42	.42	.44	
Nov.	.81	.95	.84	.46	.54	.50	.35	.38	.40	.43	.45	
Dec.	.76	.88	.83	.50	.58	.49	.34	.41	.39	.44	.45	
Year	.87	.85	.84	.64	.53	.52	.42	.45				

1/ To August 19.

Source of data: 1924 to 1931, annual statistical issues of the Oil Paint and Drug Reporter.
1932 to Aug. 1935, weekly issues of the Oil, Paint and Drug Reporter.

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New York Monthly Average Prices per 280 Pound Barrel of Gum and Wood Rosin, May, 1926 to August 1935

Month	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
	1	2	3	4	5	6	7	8	9	10
	Gum Rosin (I.K.M.), ex-dock, Dollars per 280 lb. barrel.									
January		13.92	9.98	9.72	8.79	5.61	4.40	4.44	5.52	5.96
February		13.98	9.80	9.51	8.79	5.54	4.40	4.35	6.26	6.00
March		12.83	10.17	9.42	8.57	6.26	4.52	4.27	6.42	5.89
April		11.56	9.86	8.70	8.35	6.41	4.48	4.19	6.48	5.68
May	12.60	10.72	9.82	8.51	7.56	6.47	4.42	4.79	6.31	5.78
June	14.05	10.18	9.43	8.45	6.98	6.42	4.49	4.72	5.89	5.64
July	14.89	9.76	10.09	8.72	6.06	4.84	3.94	5.28	5.53	5.60
August	16.17	10.82	9.86	8.71	5.64	4.44	4.08	5.04	5.65	5.33 1/
September	15.90	10.32	9.43	9.11	6.03	4.32	4.80	5.10	5.61	
October	9.57	9.05	9.57	9.34	5.62	4.14	4.64	5.07	5.72	
November	9.31	8.40	9.81	8.93	5.68	4.44	4.42	5.15	5.68	
December	9.76	8.81	9.76	8.57	5.75	4.41	4.38	5.18	5.71	
	Wood Rosin, ex-dock, Dollars per 280 lb. barrel									
January		10.90	8.09	8.15	7.78	4.89	3.80	3.53	4.90	5.44
February		10.48	7.80	8.00	7.56	5.03	3.80	3.53	5.80	5.58
March		9.61	8.30	7.68	7.50	5.28	3.92	3.60	6.02	5.50
April		9.46	7.95	7.44	7.25	5.42	3.83	3.68	6.00	5.05
May	9.80	8.65	7.42	7.41	6.66	5.18	3.73	4.17	5.90	5.05
June	11.18	8.55	7.99	7.32	6.40	5.20	3.73	4.28	5.84	5.00
July	11.68	8.11	8.30	7.60	5.76	4.38	3.43	4.95	5.28	4.82 1/
August		8.75	8.30	7.80	5.32	3.82	3.43	4.73	5.20	4.61 1/
September		8.49	7.74	8.10	5.63	3.80	3.78	4.74	5.20	
October	7.95	7.70	7.95	8.30	5.08	3.80	3.73	4.74	5.36	
November	8.08	6.76	8.08	8.12	4.90	3.94	3.68	4.74	5.22	
December	8.08	7.22	8.08	7.70	4.87	3.85	3.53	4.74	5.22	

1/ To August 19.

Source of data: May, 1926 to August 1935, simple averages of weekly prices quoted in the weekly issues of the Oil, Paint and Drug Reporter.

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wood producers of Naval Stores and stocks held by industrial consumers. Gum still stocks are not included both because of the great difficulty in securing uniformly adequate data from year to year and because it is believed that such stocks are relatively less significant in explaining year to year variations of turpentine prices than the other commercial stocks. Table XXVI gives in detail the available data on stocks by location, as of April 1, from 1921 to 1935 inclusive.

In Table XV, annual Savannah prices of turpentine, The Index of Business Activity, and commercial carryover plus imports of turpentine are given from 1921-22 to 1934-35 inclusive. Figure 3 shows annual production of turpentine, commercial carryover plus imports, and the Savannah price per barrel of gum turpentine from 1921-22 to 1934-35. It may be noted that from 1930-31 to 1934-35 inclusive, carryover and imports increased 28 percent over the 1925-26 to 1929-30 average and that purchasing power, as measured by the Index of Business Activity, decreased 30 percent below the 1925-26 to 1929-30 average. Annual production decreased only 15 percent, however, and prices decreased approximately 44 percent.

Figure 4 shows the relation between changes in Savannah prices, in estimated production, in the Index of Business Activity, and in United States commercial carryover and imports. The method used for the analysis is known as graphic correlation. It seeks to establish the simultaneous influence on price of changes in the independent factors, production, business activity and stocks plus imports. On the average it appears that an increase of production of 25,000 barrels of turpentine, after allowing for changes in the other variables, is accompanied by a decrease

Table IX: Monthly Prices of Gum Turpentine and Gum Rosin at Savannah and Jacksonville, 1932,1933,1934 and 1935

Month	1932 Savannah	1932 Jacksonville	1932 Jack- above or below Savannah	1933 Savannah	1933 Jacksonville	1933 Jack- above or below Savannah	1934 Savannah	1934 Jacksonville	1934 Jack- above or below Savannah	1935 Savannah	1935 Jacksonville	1935 Jack- above or below Savannah
	1	2	3	4	5	6	7	8	9	10	11	12
					Turpentine - cents per gallon							
Jan.	34.9	34.6	- .3	39.8	39.6	- .2	47.5	46.9	- .4	49.5	49.6	+ .1
Feb.	34.8	34.6	- .2	39.9	39.7	- .2	56.9	56.2	- .7	50.4	50.2	- .2
Mar.	40.2	40.0	- .2	39.8	39.7	- .1	55.5	54.9	- .4	49.8	49.5	- .3
Apr.	39.7	39.7	.0	38.3	38.3	.0	53.7	53.8	+ .1	47.2	47.2	.0
May	39.4	39.4	.0	42.4	42.2	- .2	50.9	50.8	- .1	47.1	47.2	+ .1
June	38.6	38.6	.0	40.7	40.8	+ .1	46.2	46.0	- .2	44.4	44.5	+ .1
July	36.0	36.1	+ .1	46.6	46.5	- .1	42.[illegible]	42.6	+ .1	42.6	42.6	.0
Aug.	37.5	37.6	+ .1	42.9	42.8	+ .1	41.7	41.9	+ .2	38.9 2/	38.9 2/	.0
Sept.	41.2	41.2	.0	41.9	41.9	- .1	41.2	41.1	- .1	39.6 2/	39.8 2/	+ .2
Oct.	40.8	40.7	- .1	40.8	40.8	.0	42.6	42.6	.0			
Nov.	39.7	30.7	.0	42.3	42.3	.0	1/	1/	—			
Dec.	37.1	37.2	+ .1	42.1	42.2	+ .1	44.6	44.7	+ .1			
Av.	38.3	38.3	.0	41.5	41.4	- .1	47.5	47.4	- .1	45.5	45.5	.0
					Rosin - dollars per 280 pound barrel - Average of all Grades							
Jan.	3.49	3.47	- .02	3.18	3.21	+ .03	4.20	4.20	.00	4.80	4.81	+ .1
Feb.	3.27	3.27	.00	3.02	2.99	-.03	4.97	4.97	.00	4.89	4.90	+ .1
Mar.	3.44	3.46	+ .02	2.98	2.99	+ .01	5.00	4.96	- .04	4.82	4.81	- .1
Apr.	3.25	3.26	+ .01	2.95	2.95	.00	5.03	5.04	+ .01	4.64	4.64	.0
May	3.11	3.11	.00	3.51	3.51	.00	4.84	4.86	+ .02	4.67	4.68	+ .1
June	3.02	3.02	.00	3.50	3.48	- .02	4.56	4.56	.00	4.54	4.52	- .2
July	2.87	2.86	- .01	4.10	4.10	.00	4.31	4.31	.00	4.40	4.39	- .1
Aug.	3.06	3.06	.00	3.87	3.87	.00	4.41	4.41	.00	4.12	4.14	+ .2
Sept.	3.57	3.57	.00	3.93	3.92	- .01	4.48	4.49	+ .01	4.28 2/	4.27 2/	- .1
Oct.	3.43	3.42	- .01	3.88	3.88	.00	4.53	4.53	.00			
Nov.	3.30	3.30	.00	3.93	3.94	+ .01	1/	1/	—			
Dec.	3.22	3.23	+ .01	3.93	3.92	- .01	4.49	4.50	+ .01			
Average	3.25	3.25	.00	3.56	3.56	.00	4.62	4.62	.00	4.57	4.57	.0

2/ Prices through Sept. 12, 1935.

Source of data: Computed from daily quotations given in the weekly issues of the Savannah Weekly Naval Stores Review and Journal of Trade. Rosin, monthly averages of quotations of all grades for each day's sales were made in both markets. Turpentine, monthly averages of quotations for each day's sales were made in both markets.

1/ No sales reported.

Table XIV

Total Production of Turpentine and Rosin and Receipts of Turpentine and Rosin at Savannah, Jacksonville and Pensacola

1929-30 to 1934-35 Inclusive

Year Beginning April 1	TURPENTINE			ROSIN		
	Total Production	Receipts at Three Ports	Receipts as Percent of Total Production	Total Production	Receipts at Three Ports	Receipts as Percent of Total Production
	1	2	3	4	5	6
	Thousand Barrels	Thousand Barrels	Per Cent	Thousand Barrels	Thousand Barrels	Per Cent
1929-30	859	392	45.6	2,896	1,396	48.2
1930-31	810	385	47.5	2,870	1,319	46.0
1931-32	671	328	48.9	2,359	1,183	50.1
1932-33	575	224	39.0	2,073	866	41.8
1933-34	625	258	41.3	2,297	1,099	47.8
1934-35	603	242	40.1	2,229	975	43.7

Source of data: Receipts: Naval Stores Review, 45:9:17, June 1, 1935.
45:10:17, June 8, 1935.

Production: Table XXV columns 5 and 10

Economic Analysis Unit,
General Crops Section.

in the price received of about $3.50 per barrel. On the average an increase in carryover of 25,000 barrels, other things remaining the same, accompanies a decrease in price of approximately $4 per barrel. Similarly, other things equal, an increase in the Index of Business Activity of 4 percent, is accompanied by an increase in the price per barrel of $3.20. These calculations are approximations only because of the possible influence of other factors and residuals in price change which have not been explained.1/

Other factors which affect or may affect changes in turpentine prices include changes in foreign production of turpentine, in available supplies at London and other foreign markets, in gum still stocks, and in exchange rates. However, it is believed that the factors mentioned above are the principal ones to be considered in an examination of year to year changes in Savannah prices.

Production of turpentine in foreign countries has generally been substantially smaller than the United States production and from the available, incomplete data, yearly changes have not been significant. The principal foreign producer is France, which has generally provided 50 percent or more of the foreign supply. Spain, Portugal, Greece, and Mexico have been other foreign producers and Russian production has recently shown an increase. However, the United States has generally produced over 70 percent of the world supply. Table XVI summarizes the incomplete data available on foreign production and gives the comparison with United States production.

1/ Part of the difficulty is in the basic data, especially the estimates of annual production.

of annual production.

1/ Part of the difficulty is in the basic data, especially the relative

Table XV

Season Average Prices of Gum Turpentine at Savannah, Estimated United States Turpentine Production, Index of Consumer Purchasing Power and Commercial Carry Over Plus Imports, 1921-22 to 1934-35 Inclusive.

Year Beginning April 1.	Price Per 50-Pound Barrel at Savannah 1/	Estimated Turpentine Production	Index of Consumer Purchasing Power 2/	U.S.Commercial Carryover 3/ plus Imports of Turpentine
	1	2	3	4
	Dollars	Thousand Barrels	Percent	Thousand Barrels
1921-22	31.55	605	84	112
1922-23	60.60	585	102	66
1923-24	47.55	717	109	62
1924-25	40.55	703	100	88
1925-26	48.60	652	107	97
1926-27	41.30	703	109	79
1927-28	25.50	859	106	82
1928-29	25.45	771	110	123
1929-30	24.20	859	110	119
1930-31	19.65	810	90	124
1931-32	19.90	671	76	112
1932-33	19.20	575	62	140
1933-34	22.05	625	76	136
1934-35	22.97	603	76	129

1/ Monthly Prices which were simple averages of Saturday closing prices per gallon, converted to prices per barrel of 50 gallons, weighted by monthly turpentine receipts at Savannah, Jacksonville and Pensacola.
2/ Revised Annalist, index of business activity.
3/ Not including stocks at gum stills.

Source of data:

Column 1: Prices: 1921-22 to 1923-24; Naval Stores Review and Journal of Trade. 34:120. 1924-25 to 1934-35; Naval Stores Review and Journal of Trade. 44:29:14. 1934. Weights: 1921-22; Gamble's International Naval Stores Year Book. 1930-31 Issue, page 62. 1922-23 to 1933-34; Naval Stores Review and Journal of Trade. 44:7:10. 1934. 1934-35; Naval Stores Review; June 1, 1935.

Column 2: Table - Column 5

Column 3: 1921-22 to June 1933, The Annalist, August 18, 1933 p. 213 July 1933 - March 1935. Weekly issues.

Column 4: Table - Column 2 plus 3.

Economic Analysis Unit,
General Crops Section.

Common average Prices of Some Staples at Harrogate, Initial
Retail Sales Negotiation Tendencies, Index of Consumer
Purchasing Power and Commercial Carry Over Plan
Imports, 1813-20 to 1836-37 Inclusive.

Year	Prices Per Hundredweight		Estimated		Index of		Carry Over Plan Imports
Beginning April 1.	Cereal		Requirements		Consumer Purchasing Power		Of Primary Staples
	1st Harvest	2nd Harvest	Primary	Secondary			
1813-14	12.80	8.60	1,200	800	100		200
1814-15	13.40	9.20	1,250	850	105		210
1815-16	14.20	9.80	1,300	900	110		220
1816-17	15.60	10.40	1,350	950	115		230
1817-18	16.80	11.00	1,400	1,000	120		240
1818-19	14.20	9.60	1,450	1,050	125		250
1819-20	12.40	8.40	1,500	1,100	130		260
1820-21	11.60	7.80	1,550	1,150	135		270
1821-22	10.80	7.20	1,600	1,200	140		280
1822-23	11.40	7.60	1,650	1,250	145		290
1823-24	12.00	8.00	1,700	1,300	150		300
1824-25	12.60	8.40	1,750	1,350	155		310
1825-26	13.20	8.80	1,800	1,400	160		320
1826-27	13.80	9.20	1,850	1,450	165		330
1827-28	14.40	9.60	1,900	1,500	170		340
1828-29	15.00	10.00	1,950	1,550	175		350
1829-30	14.60	9.80	2,000	1,600	180		360
1830-31	13.80	9.20	2,050	1,650	185		370
1831-32	12.40	8.20	2,100	1,700	190		380
1832-33	11.80	7.80	2,150	1,750	195		390
1833-34	12.20	8.10	2,200	1,800	200		400
1834-35	12.80	8.50	2,250	1,850	205		410
1835-36	13.40	8.90	2,300	1,900	210		420
1836-37	14.00	9.30	2,350	1,950	215		430

Monthly Prices cash note single overage of Imported clothing pattern-per
gallon, assorted to prices per barrel of 30 gallons, adjusted by monthly
Transaction results at Jermyns, Tradesmills and Greenvale.
Derived Imports, index of Business activity.
Bad Indicator checks as gem still.

Type of data:

Column 1: Prices: 1801-02 to 1808-09; Cereal Store Barley and
Kernel at Trade. 84:126-27 to 1834-35; Cereal
Store Prices and Kernel at Trade. 84:30:14. 1836.
Weights: 1801-02; Cereal's Electrostatic Cereal Index
Year Base. 1800-01 Items, Page 62. 1802-03 to 1813-
04: Cereal Store Prices and Kernel at Trade. 84:7:10.
1804. 1824-25; Cereal Store Prices Item 1, Item.

Column 2: Table - Column 2

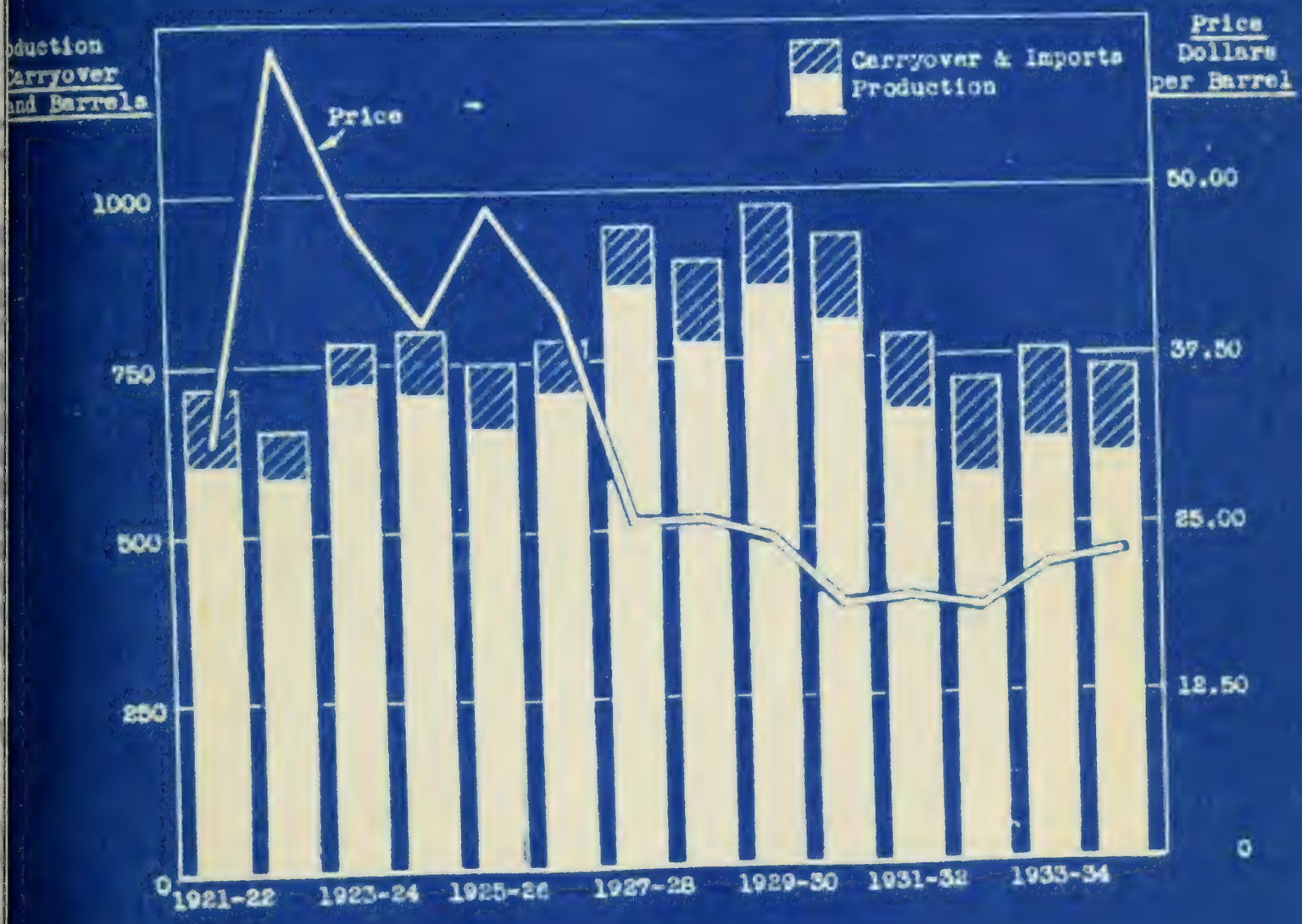
Column 3: 1801-02 to Item 1834. The Precipitation, Report 12, 1832
p. 212 July 1820 - Cereal 1800. Monthly Issues.

Column 4: Table - Column 3 Item 2.

Economic analysis Unit.
Cereal Crops Quantum.

Figure

Annual Production of Turpentine, Commercial Carryover plus Imports, and Savannah Price per Barrel of Gum Turpentine, 1921-22 to 1934-35.



Source of data: See table

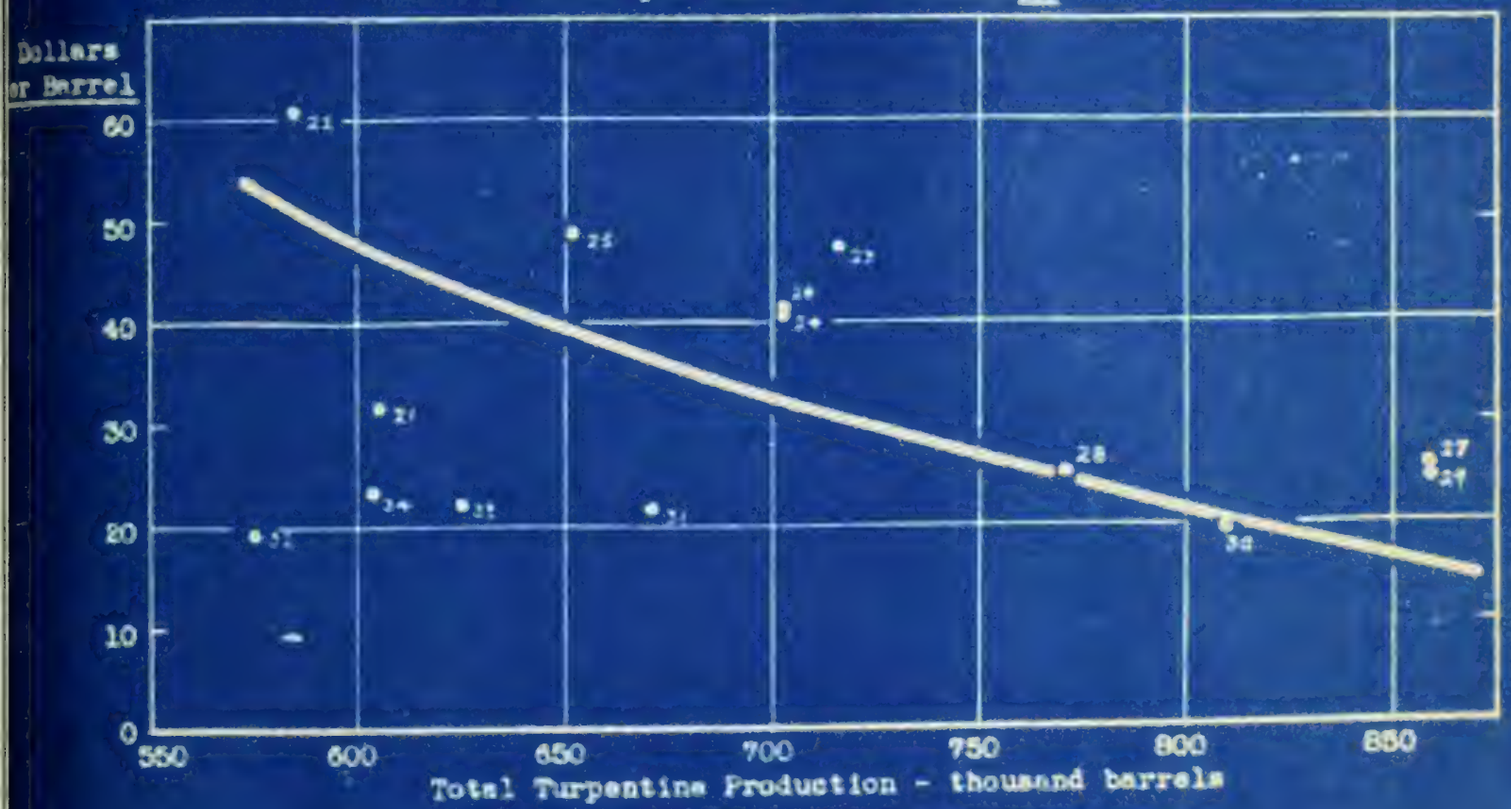
Economic Analysis Unit,
General Crops Section,
10 - 1 - 35.

figure 3

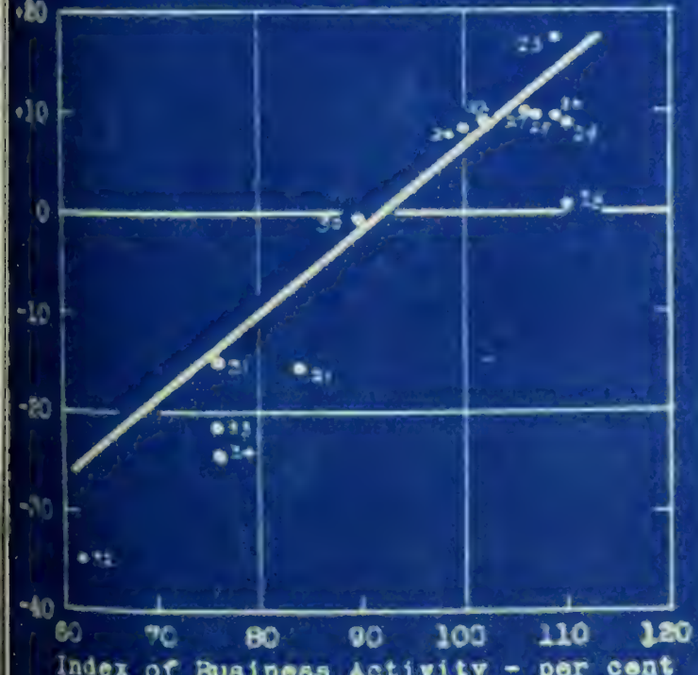
Figure 4

Relation between Changes in Annual Savannah Prices of Gum Turpentine, Estimated United State Production of Turpentine, the Index of Business Activity, and Carryover plus Imports of Turpentine, 1921-22 to 1934-35.

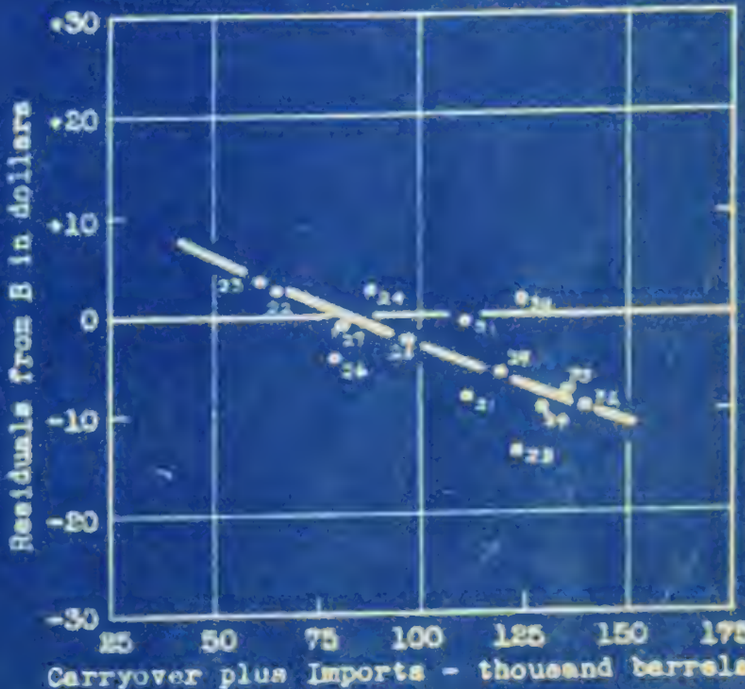
A. Estimated Season Production of United States Turpentine and Season Average Prices per Barrel at Savannah/1.



B. Index of Business Activity and Residuals from A.



C. Carryover plus Imports and Residuals from B.



1. The numbers refer to the crop years beginning April 1, and ending March 31 of the following year.

Source of data: See table IV.

Economic Analysis Unit, General Crops Section, 9 - 25 - 36

Figure 4

United States and Foreign Production of Turpentine

1921-22 to 1932-33

Year	U. S. Total	France	Spain	Portugal	Greece	India	Mexico	Russia	Others	Total Foreign	World Production	U.S. as Percent of Total
	1	2	3	4	5	6	7	8	9	10	11	12
					Thousands of Barrels - 50 gallons per Barrel							
1921-22	605	183	-	-	-	-	-	-	-	-	-	-
1922-23	585	196	-	-	-	-	-	-	-	-	-	-
1923-24	717	184	-	-	-	-	-	-	-	-	-	-
1924-25	703	159	-	-	-	-	-	-	-	-	-	-
1925-26	652	160	37	12	12	5	10	-	5	241	893	73
1926-27	703	195	52	15	17	7	15	-	10	311	1,014	69
1926-28	859	165	58	15	16	10	20	-	10	293	1,152	75
1927-28	771	180	56	14	18	11	17	-	10	305	1,076	72
1928-29	859	160	59	19	16	10	13	-	10	287	1,146	75
1929-30	810	155	60	18	13	8	11	10	9	284	1,094	74
1930-31	671	130	58	19	13	6	7	25	8	266	937	72
1931-32	575	155	60	21	13	6	9	30	8	301	876	66
1932-33 1/												

1/ Estimated.

Source of data: U. S. Production from Table XXV column 5. France: 1921-22 to 1924-25, from Gamble's Naval Stores Yearbook 1931-32, page 75, converted to gallons from metric tons on the basis of 6.12 barrels per metric ton. See Naval Stores Review, August 24, 1935, p. 8. Foreign production 1925-26 to 1932-33, Gamble's International Naval Stores Yearbook, 1931-32, p. 66, 1932-33, p. 101.

Evidence of foreign production since 1932-33 is fragmentary and non-quantitative. It would appear that French production continues to be fairly constant, however.

Another factor not previously considered which may influence shipments and returns of turpentine growers, is foreign supplies of turpentine. Table XVII gives visible stocks at London on April 1 from 1921 to 1935 inclusive. These stocks were unusually large in 1927, 1928 and 1931, but have been small since 1933.

From the experience of the preceding fifteen years, and on the basis of the correlation analysis, calculations may be made on the probable gross value to growers of supplies which may beoffered for shipment. For this purpose it is assumed that the Index of Business Activity and commercial carryover and imports are the same as in 1934-35. The adjustment of the average supply-price relationship shown in Section A of Figure 4 to these conditions, will, on the basis of the experience of the past fifteen years and this analysis, indicate prices which might exist for various amounts to be produced and offered for sale. Results are shown graphically in Figure 5 and are based on the data given in Table XVIII. The analysis indicates that under the 1934-35 demand conditions for turpentine, production of 575,000 barrels of turpentine results in a market price at Savannah of $30 per barrel. Under the same assumptions, production of 600,000 barrels is accompanied by a Savannah price of approximately $23 per barrel. Production of 650,000 barrels results in a market price of $15.50 per barrel.

Table XVII

Total Visible Supplies of Turpentine at London, April 1,1921 to 1935.

Year	Stocks	Landing	Afloat	Total Visible Supplies
	1	2	3	4
		Barrels		
1921	25,364	----	----	25,364
1922	9,621	2,565	250	12,465
1923	10,299	----	3,500	13,709
1924	17,683	200	----	17,883
1925	21,076	327	----	21,403
1926	30,051	----	----	30,051
1927	37,065	----	----	37,065
1928	41,415	----	----	41,415
1929	19,036	407	2,400	21,843
1930	19,978	----	----	19,978
1931	40,876	----	4,800	45,676
1932	23,050	----	550	23,600
1933	10,076	----	50	10,126
1934	14,375	----	820	15,195
1935	5,100	----	5,925	11,025

Source of data:
Naval Stores Review and Journal of Trade. 1928-1935. 45:1:19, April 6, 1935.

Economic Analysis Unit,
General Crops Section.

Table XXII

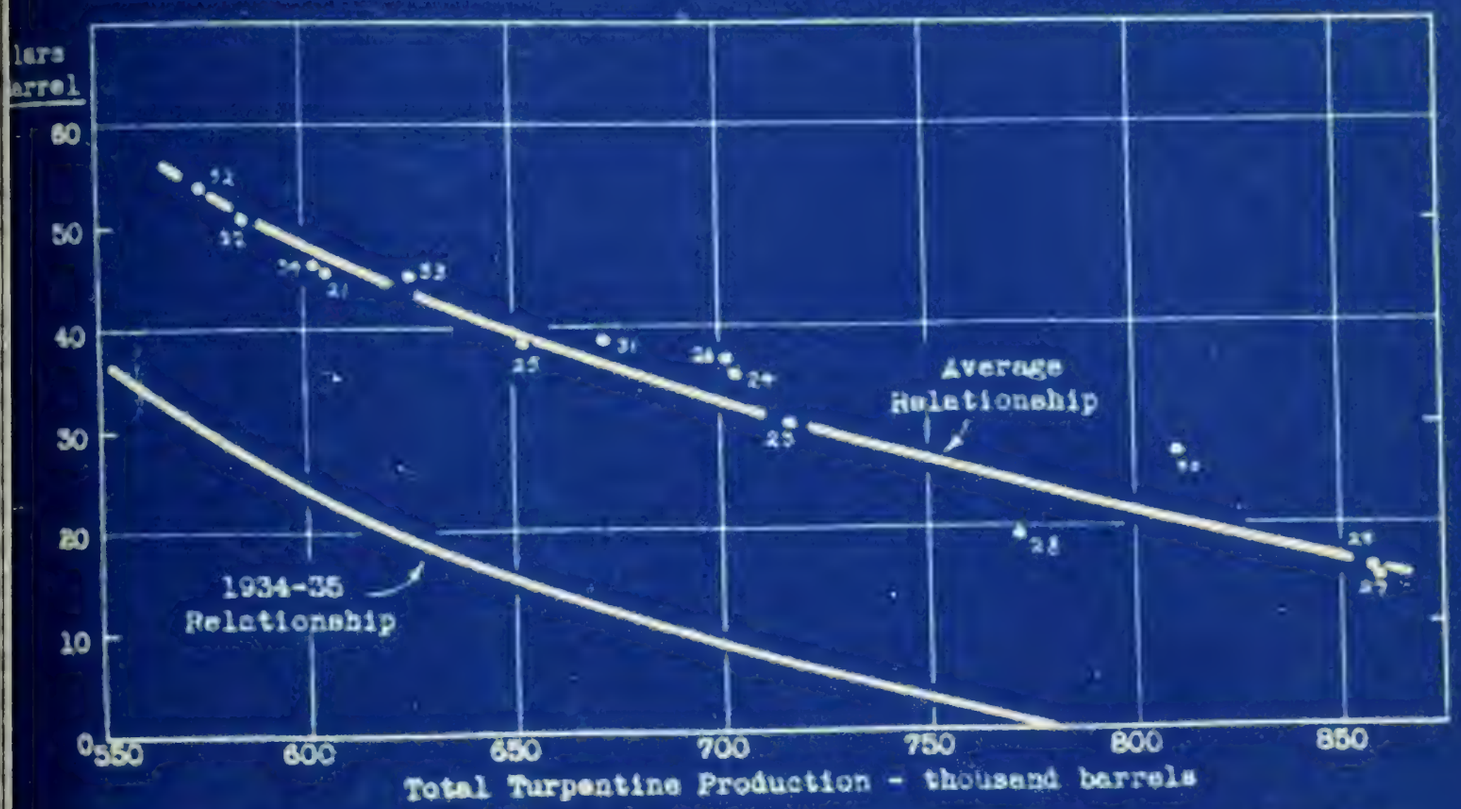
Total liable supplies of Dyfnantire at London, Cardiff and Hull.

Year	London	Hull	Cardiff	Total supplies
	1	2	3	4
		Tonnage		
01	25,094	---	---	25,094
02	8,881	9,880	180	18,941
03	19,219	---	3,810	13,029
04	17,805	380	---	17,885
05	21,079	320	---	21,399
06	20,181	---	---	20,084
07	27,080	---	---	27,080
08	23,178	---	---	23,178
09	19,080	840	3,180	23,102
10	19,280	---	---	19,280
11	22,018	---	4,800	26,814
12	27,080	---	840	27,920
13	10,084	---	80	10,164
14	14,018	---	880	14,898
15	5,180	---	6,280	11,460

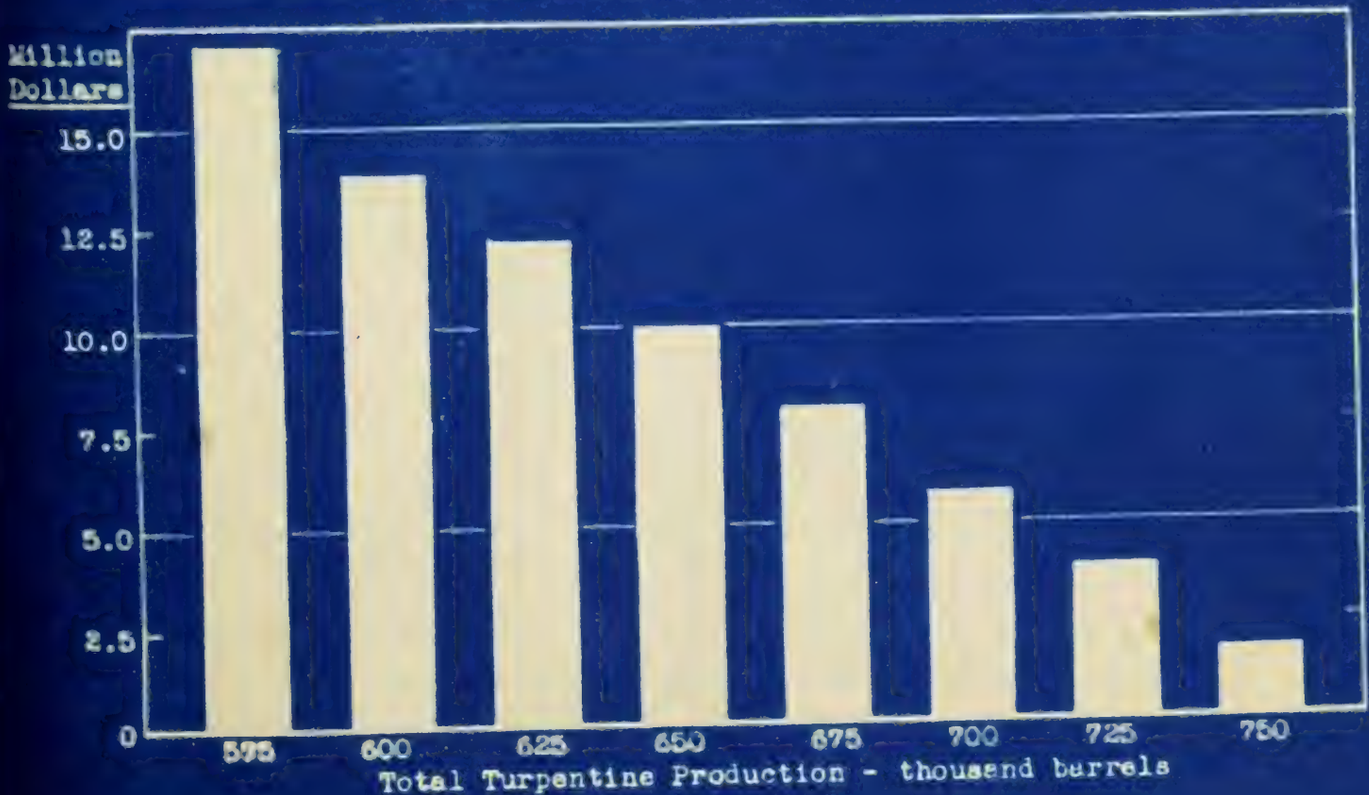
Area of data:
Welsh ports for Tinned or Terne. 1870-1913. 43:14.
April 9, 1914.

Figure 5

lculated Relationship between Changes in Annual United States Production of Turpentine and the Savannah Price for Gum Turpentine After Adjusting for Changes in the Index of Business Activity and United States Commercial Carryover and Imports of Turpentine, 1921-22 to 1934-35 Inclusive/1.



Calculated Changes in Gross Returns for Turpentine Produced for Sale under 1934-35 Demand Conditions for Turpentine



/1. The numbers refer to the years beginning April 1 and ending March 31 of the year following.

Source of data: See table XVIII.

Economic Analysis Unit, General Crops Section,

Engineers

Table XVIII

Calculated Production, Savannah Price and Gross Value of Turpentine under 1934-35 Demand Conditions for Turpentine

Production for sale of	Calculated Average Price at Savannah	Calculated Savannah Price under 1934-35 Demand Conditions for Turpentine	Calculated Gross Value under 1934-35 Demand Conditions for Turpentine
1	2	3	4
Thousand Barrels	Dollars per Barrel	Dollars Per Barrel	Thousand Dollars
575	54.00	29.71	17,083
600	47.30	23.01	13,806
625	43.70	19.41	12,131
650	39.50	15.21	9,886
675	36.00	11.71	7,904
700	32.50	8.21	5,747
725	29.60	5.31	3,850
750	26.80	2.31	1,732

Sources of data:

Columns 1 and 2: Readings from Sec. A of Figure 4.

Column 3: Obtained by adjusting this curve to 1934-35 demand conditions, as established by subtracting from the average curve in Section A of Figure 3, the difference in price due to 1934-35 demand conditions for turpentine.

Column 4: Obtained by multiplying column 1 by column 3.

Economic Analysis Unit,
General Crops Section.

Table XVIII

Calculated Probability, Average Price and Gross Value of Imports

Value 1934-38 Imports Controlled for Purchasing

Probability for rule of Average Price per Barrel	Calculated Average Price per Barrel	Calculated Gross Value Imports 1934-38
1	2	3
Percent	Dollars	Thousand
Barrels	Per Barrel	Dollars
975	24.00	17,000
850	27.50	13,000
725	29.75	10,000
600	30.50	7,000
475	32.00	4,000
350	34.00	2,000
225	36.00	1,000
100	38.00	500

Sources of data:
Columns 1 and 2: Tabulations from Col. 4 of Figure 4.
Column 3: Obtained by adjusting this curve to 1934-38 Annual Consumption, as tabulated by subtracting from the average curve in Section A of Figure 3, the difference in price due to 1934-38 Demand Conditions for Imports.
Column 4: Obtained by multiplying values 1 by values 3.

Economic Analysis Unit,
Natural Crops Section.

Under the stipulated assumptions, it appears that a crop of 575,000 barrels has a gross value of over $17,000,000. An increase in the production for sale to 600,000 barrels results in a reduction of the total value to $13,806,000, the approximate gross value of the 1934-35 crop. A further increase in production to 650,000 barrels results in a decrease in total returns to less than $10,000,000.

(c) The 1935 Season. Stocks of turpentine on hand on April 1, 1935 were the largest since 1921. In all, United States stocks totalled 191,000 barrels; of those, 14,000 were held at gum stills and 177,000 were held at other points. This was an increase of 59,000 barrels over the previous year and 57,000 barrels above the carryover in the previous five years. Stocks of industrial consumers on April 1, 1935 totalled 17,000 barrels as compared to 19,000 barrels in the previous year. Stocks at the Southern primary ports, and Eastern, Central and Western distributing points totelled 134,000 barrels in 1935 as compared to 75,000 barrels in the previous year. The only important decreases in 1935 stocks were shown in the carryover of the wood distillation industry; stocks in this group totalled 12,000 barrels in 1935 as compared to 22,000 barrels in 1934.

The increased stocks were to a considerable extent held by the Federal Government as security for loans made by the Commodity Credit Corporation. A statement of the stocks on March 30, 1935 indicates that 91,815 barrels of turpentine or approximately 52 percent of the total commercial stocks (United States stocks less stocks at gum stills) were held as security for loans. The stocks held under the loan were approximately 69 percent of the stocks at the Southern primary ports and at the

Eastern, Central and Northern distributing ports.[1/]

Stocks of the size indicated for April 1, 1935 are larger than any previously reported. The fact that they are to a considerable extent strongly secured by government loans above the current market value may tend to alleviate their present effect on current prices. As of September 21, stocks held against federal loans showed an increase of approximately 58,000 barrels to 148,609 barrels and they probably represent the greater part of the present commercial carryover of gum turpentine. The effect of such stocks would appear to be dangerous to the future industry since they establish practically a maximum price for turpentine and rosin while the loan exists, or threaten to create disastrously low prices if they are released on the market. Though the analysis of turpentine prices since 1921-22 does not include any observations as large as the stock position of April 1, 1935, it might conservatively be estimated that, based on the average influence of stocks on prices in previous years, the effect of such a carryover, if freely allowed to influence the market, would be to decrease the level of prices for turpentine approximately $8 below the 1934-35 level.

Under the marketing agreement program for 1935 quotas were fixed at 450,000 barrels of gum turpentine and 95,000 barrels of wood turpentine for the calendar year, or a total of 545,000 barrels. With the termination of the quotas on July 31, 1935, after difficulties regarding the allotment base, proration to new processors, and quotas for new sellers, as well as the difficulties of enforcement, it appeared that

1/ Data on loans made by the Commodity Credit Corporation are contained in the weekly issues of the Naval Stores Review and Journal of Trade. See especially Vol. 44, No. 49; Vol. 45, Nos. 1, 5, 10, 14, 15, 22, and 23.

the quotas would be considerably exceeded. However, cool weather reduced the flow of gum and it is not likely that the final production for the 1935-36 season will be greatly in excess of the total allotment.

Exports of turpentine from April 1 to September 1, 1935 were slightly below exports for the previous year, but the September 1935 exports were above the September 1934 exports. As indicated in Table XXXVI, export of turpentine totalled 102,452 barrels in the five-month period as compared to 105,624 barrels in the similar period last year. The United Kingdom has been the principal importer of United States turpentine. The Netherlands and Germany have been the next important United States export markets. Since 1927-28, the United Kingdom has taken from 92,000 to 128,000 barrels of turpentine annually. Germany, to 1934-35, imported from 31,000 to 49,000 barrels annually. In 1934-35, total exports to Germany decreased to less than 18,000 barrels and monthly exports since April 1, 1935, have continued to be small. Exports to the Netherlands in 1934-35 were less than one-half the size of exports in previous years. Table XIX gives United States exports to specified countries to July, 1935.

It may be concluded that the examination of prices received by producers, stocks, exports, consumer demand and prices and returns to growers from limitation of a marketing, amply indicates the possible gains to producers from regulation of marketing. Moreover, the ease with which an increase in the amount available for shipment could be increased and probably would be, without a control program, indicates the need for limitation of marketing if the prices to producers are to be improved.

Table XIX

United States Exports of Turpentine to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months, for 1933-34 Seasons in Terms of 50-Gallon Barrels*

Season and Month	Germany	United Kingdom	Netherlands	Canada	Belgium	Others	Total
	1	2	3	4	5	6	7
1927-28	46,970	147,945	49,567	24,855	14,406	46,062	329,805
1928-29	46,365	102,736	39,339	24,528	20,339	43,948	277,255
1929-30	49,090	140,156	44,780	26,563	39,090	39,125	338,804
1930-31	35,381	160,304	45,781	24,833	26,961	34,054	327,314
1931-32	36,298	96,660	44,425	21,242	18,164	34,169	250,948
1932-33	31,059	91,568	41,227	17,629	9,968	33,605	225,056
1933-34							
April	3,069	6,804	4,435	2,472	63	1,883	18,726
May	2,235	11,889	2,188	3,780	815	2,467	23,374
June	5,230	17,684	6,450	1,876	2,718	3,450	37,408
July	4,688	13,491	8,170	2,308	1,683	2,158	32,398
August	3,898	19,150	5,647	1,947	1,227	4,854	36,723
September	6,483	11,015	4,897	1,716	947	3,157	28,215
October	7,577	9,637	4,705	851	1,743	2,373	26,886
November	4,736	6,785	551	950	1,574	4,328	18,924
December	2,478	12,532	7,109	568	1,388	2,559	26,634
January	3,006	6,067	4,112	1,345	1,019	2,854	20,406
February	2,288	6,611	4,389	1,680	--	1,364	16,332
March	1,930	4,805	2,586	1,742	200	2,913	14,176
Total	47,618	128,470	55,219	21,138	13,377	34,380	300,202
1934-35							
April	1,254	6,665	1,838	1,509	62	1,869	13,197
May	1,715	9,040	2,563	2,381	113	1,139	16,951
June	2,756	9,920	2,128	2,595	1,375	3,268	22,042
July	1,121	14,921	2,794	2,184	2,220	4,748	27,988
August	1,190	17,225	1,768	1,236	2,101	1,926	25,446
September	1,641	8,112	2,770	1,375	1,490	6,238	21,626
October	689	5,173	456	1,697	22	1,574	9,611
November	1,144	6,602	871	1,462	253	3,480	13,812
December	2,198	4,835	1,127	972	261	2,665	12,058
January	939	9,195	1,946	1,681	499	2,776	17,036
February	1,223	2,875	1,954	725	240	1,312	8,329
March	1,871	10,069	1,265	2,322	130	3,531	19,188
Total	17,741	104,632	21,480	20,139	8,766	34,526	207,284
1935-36							
April	1,421	5,567	1,473	2,179	204	1,780	12,624
May	1,197	18,465	1,230	2,126	72	3,821	26,911
June	981	8,041	1,810	2,561	1,079	3,522	17,994
July	992	8,710	1,880	1,181	100	3,267	16,130
Total							

* Gallons converted to 50-Gallon Barrels.

Source of data: Compiled from records of Foreign Trade Statistics Division, U. S. Dept. Commerce.

Economic Analysis Unit, General Crops Section.

Table XXX

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(d) Factors Affecting Changes in Prices Received for Rosin. An analysis is presented of factors affecting changes in the Savannah prices of rosin from 1924-25 to 1934-35 inclusive. The principal factors affecting these changes are annual rosin production, commercial carryover in the United States plus imports of rosin, and changes in consumer purchasing power. For consumer purchasing power of rosin the Index of Industrial Production, published in the Federal Reserve Bulletin, is used. This Index includes 80 percent of the total industrial production of the United States as measured by the average output per working day in mines and manufacture. Because of the nature of the uses for rosin, this index, reflecting a narrower range of industrial activities than the Index of Business Activity, is believed to adequately measure the industrial purchasing power for rosin products. Table XX gives the Savannah prices, estimated rosin production, United States commercial carryover plus imports of rosin, and the Index of Industrial Production from 1924-25 to 1934-35, inclusive. Figure 6 shows the annual production, carryover plus imports of the Savannah price per barrel.

A graphic analysis to indicate the changes in price affected by changes in these factors is shown in Figure 7. Several factors other than those included in the analysis have, or may have, an influence on annual rosin prices including gum still stocks, foreign production, exchange rates, and war or the possibility of war. However, the factors enumerated are believed to be the principal effective forces explaining year to year changes in the Savannah prices and total returns to growers.

The adjustment to 1934-35 demand conditions indicates that with production of 2,000,000 barrels of rosin, the price is $11.39 and total

(4) Factors affecting changes in factor content for Texas. —

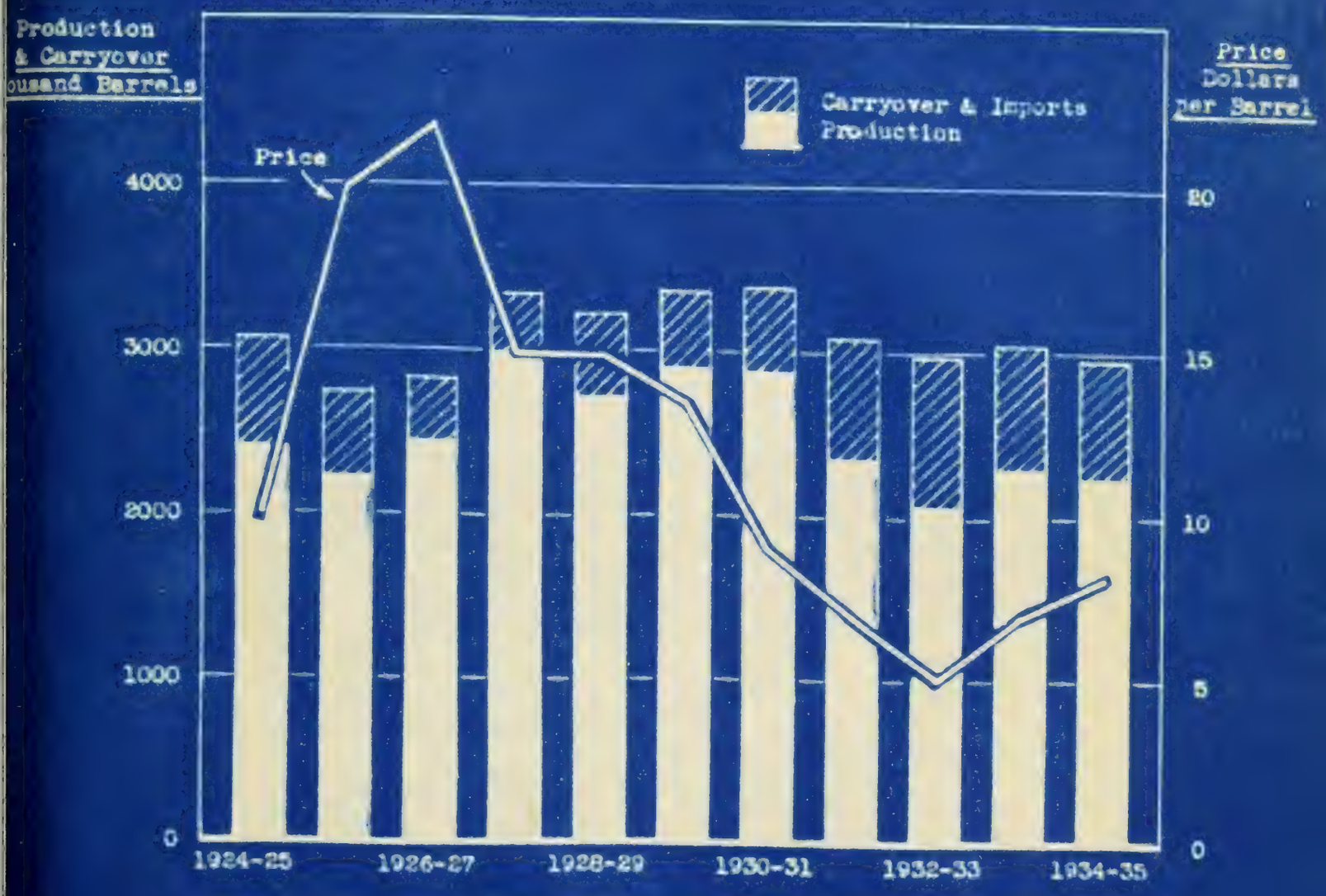
employed is shown by number of workers affected during the increase or decrease in 1924-29 inclusive. The principal factors affecting the changes in the number employed were technical changes in the industry, seasonal unemployment in the industry, plus changes in demand for the product. The economic functioning power of unions in the times of industrial depression, pointed to the Federal Reserve Bulletin, is used. This index includes 22 branches of the total industrial population of the United States as measured by the number employed per day in mines and manufactures. Indexes of the prices of the items for basic raw materials, a measure of industrial activities such the Index of Business Activity, is utilized to adequately measure the industrial productivity factor for Texas. Table IX gives the numerical data, and the index of United States commercial materials plus imports of goods, and the Index of Physical Production (1923-25=100) in 1924-29, inclusive. Figure 4 also the annual production, excluding the imports of the petroleum refining industry.

A graphic analysis to indicate the changes in price affected by changes in these factors is shown in Figure 4. General factors other than those included in the preceding case, as indicated on the graph, were included in the monthly data, for trade conditions, seasonal trade factors, and the like. Changes in the technological efficiency factors explained may be considered in the manner they enter changes in demand.

The adjustment to 1924-29 demand conditions indicates that with a population of 3,000,000 persons of basic, the ratio is 41.30 and that

Figure 6

Annual Production of Rosin, Commercial Carryover plus Imports, and Savannah Price per Barrel of Gum Rosin, 1924-25 to 1934-35.



Source of data: See table .

Economic Analysis Unit,
General Crops Section,
10 - 1 - 35.

Fig 6

Table XX

Season Average Prices of Gum Rosin at Savannah, Total United States Production of Rosin, Index of Consumer Purchasing Power, and Commercial Carryover - 1924-25 to 1934-35 inclusive.

Year Beginning: April 1:	Prices per Barrel at Savannah 1/	Estimated Rosin Production	United States Carryover 2/ Plus Imports	Index of Consumer Purchasing Power 3/
	1	2	3	4
	Dollars	Thousand Barrels	Thousand Barrels	Percent
1924-25	10.02	2,403	656	95.1
1925-26	19.84	2,216	513	104.2
1926-27	21.79	2,444	375	108.6
1927-28	14.91	2,986	345	105.7
1928-29	14.80	2,713	511	113.7
1929-30	13.46	2,896	473	115.2
1930-31	8.96	2,870	523	90.9
1931-32	6.95	2,359	734	76.8
1932-33	5.05	2,073	906	62.7
1933-34	6.93	2,297	747	81.5
1934-35	8.14	2,229	736	81.2

1/ Monthly prices were compiled by taking a simple average of the Wednesday and Saturday prices for each of the following grades: WW, WG, N, M, K, I, H, G, F, E, D, B, and then weighting the price for each grade by the quantity of that grade inspected in Florida during the given year. Grade X not included in the prices given for 1921-22, 1922-23 and 1932-33. The monthly prices were weighted by monthly receipts of rosin at Savannah, Jacksonville, and Pensacola for the season average price.

2/ Not including gum still stocks.

3/ Index of Industrial Production: 1923-25=100.

Sources of data: Column 1: Prices: Monthly quotations by grades: 1921-22 to 1922-23; Computed from weekly quotations in the Naval Stores Review and Journal of Trade. 35:1:28:31, 1925. 1923-24 to 1924-25; The Naval Stores Review and Journal of Trade. Issues: 34:2:17, 1924 and 35:1:23, 1925. 1925-26 to 1931-32; Gamble's International Naval Stores Yearbook. Issues: 1926, page 45; 1927-28 p. 49, 1928-29, p.60; 1929-30 p. 61; 1930-31 p. 25; 1931-32 p. 29; and 1932-33 p. 32. 1932-33; Computed from weekly quotations in the Naval Stores Review and Journal of Trade. 44:1:12, 14; 17, 18, 1934. 1933-34; The Naval Stores Review and Journal of Trade. 44:4:10, 1934. 1934-35; Computed from Wednesday and Saturday quotations in the Savannah Daily Market Reports, Savannah, Exchange.

Weights: For monthly average price of all grades: 1921-22 to 1923-24; Average of 5-year -- 1924-25 to 1928-29 -- inspections in Florida by grades, cited below. 1924-25 to 1933-34; Inspection of rosin in Florida by grades, annually. The Naval Stores Review and Journal of Trade, 44:7:8. 1934. 1934-35; Average inspections of rosin in Florida by grades, from April through July, 1934. Given in the Naval Stores Review and Journal of Trade.

Weights: For Seasonal weighted average price; 1921-22; Combined monthly rosin receipts at Savannah, Jacksonville, and Pensacola, given in Gamble's International Naval Stores Yearbook for 1930-31, page 23. 1922-23 to 1933-34;

Table II

Denver Average Prices of Ten Selected Commodities, Retail Unit and Wholesale Unit, and Index of Prices, Index of Consumer Expenditures, and Index of Real Income, Denver - 1924-25 to 1929-30 Inclusive

Year	Prices per Retail Unit	Prices per Wholesale Unit	Index of Prices	Index of Consumer Expenditures	Index of Real Income
	I	II	III	IV	V
1924-25	$2.08	$1.64	100.0	100.0	100.0
1925-26	2.04	1.61	98.1	104.2	106.2
1926-27	1.99	1.57	95.7	108.3	113.2
1927-28	1.96	1.54	94.2	112.5	119.4
1928-29	2.00	1.58	96.2	116.7	121.3
1929-30	1.94	1.52	93.3	120.8	129.5
1930-31	1.84	1.45	88.5	125.0	141.2
1931-32	1.70	1.34	81.7	129.2	158.1
1932-33	1.60	1.26	76.9	133.3	173.3
1933-34	1.65	1.30	79.3	137.5	173.4
1934-35	1.70	1.34	81.7	141.7	173.4
1935-36	1.77	1.39	85.1	145.8	171.3

Table II (Continued)

(Table XX Continued)

same as above, given in the Naval Stores Review and Journal of Trade, 44:7:11. 1934. 1934-35; Ten year average--1924-25 to 1933-34--receipts computed from above sources.

Column 2: table XXV column 10.

Column 3: table XXX columns 2 plus 3.

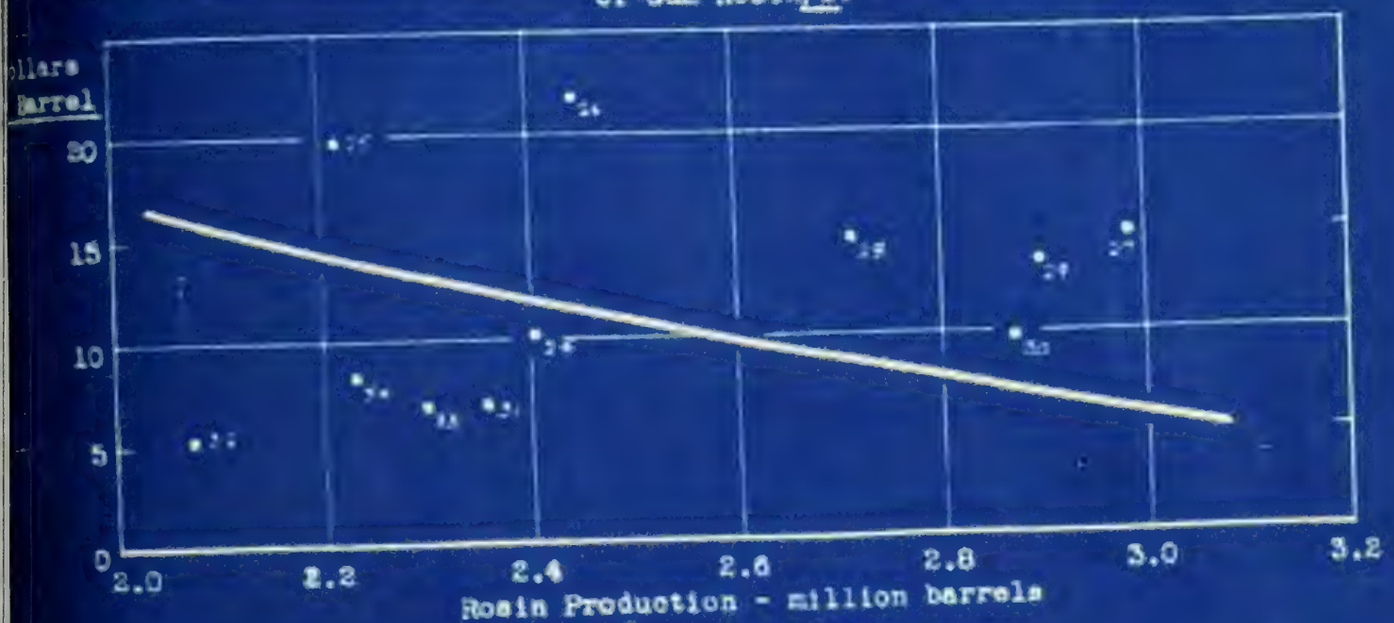
Column 4: 1921-22 to 1930-31, Federal Reserve Bulletin, 18:3:194, March 1932; 1931-32 to 1934-35, ibid, Monthly issues.

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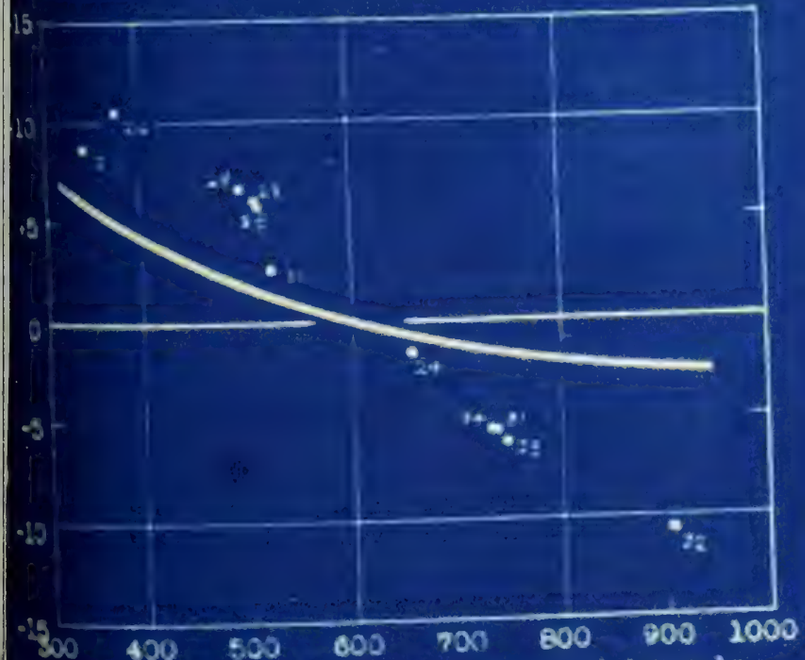
Figure 7

Relation between Changes in Annual Savannah Prices of Gum Rosin, Estimated United States Production of Rosin, Carryover plus Imports of Rosin, and the Index of Industrial Production, 1924-25 to 1934-35.

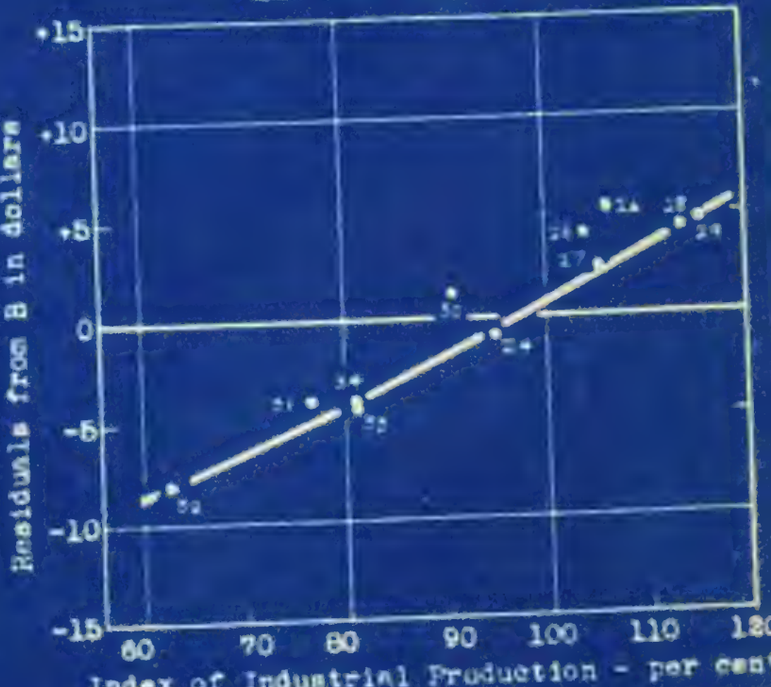
A. Estimated United States Production of Rosin and Annual Savannah Prices of Gum Rosin/1.



B. Carryover and Imports of Rosin and Residuals from A.



C. Index of Industrial Production and Residuals from B.



1/. The numbers refer to the crop year beginning April 1 and ending March 31 of the following year.

Source of data: See table [illegible].

Economic Analysis Unit,
General Crops Section.
9 - 25 - 35

Fig. 7

returns are $22,780,000 as compared to a gross value of rosin in 1934 of about $18,144,000. An increase in production of rosin to 2,200,000 barrels results in a decrease in the Savannah price per barrel, under the assumptions of the analysis, of nearly $3 per barrel and the total returns are approximately $18,700,000. Production for sale of 2,400,000 barrels has a gross value of $14,900,000, and further increase in production for sale to 2,600,000 barrels results in a decrease in total returns to about $11,000,000. These data are given in greater detail in Table XXI and are illustrated in Figure 8.

On April 1, 1935, the total stocks of rosin in the United States were reported to be 979,000 barrels or 50,000 barrels above the April 1, 1934 stocks. Of these, 130,000 barrels were held at gum stills, as compared to 196,000 barrels at gum stills in the previous year. Stocks at southern primary ports increased from 172,000 barrels to 327,000 barrels, and stocks at steam distillation plants increased from 88,000 barrels to 104,000 barrels. Reported stocks in the hands of industrial consumers decreased from 426,000 barrels to 345,000 barrels. Stocks pledged to the Commodity Credit Corporation totalled 188,387 barrels on April 1, 1935, or over 50 percent of the stocks held at Southern primary ports. On September 21, 1935, rosin stocks pledged to the Commodity Credit Corporation totalled 293,514 barrels or about 65 percent of the total stocks at the Southern ports and Interior Yards.[1/] Tables XXVIII and XXIX give details of stocks of rosin and turpentine.

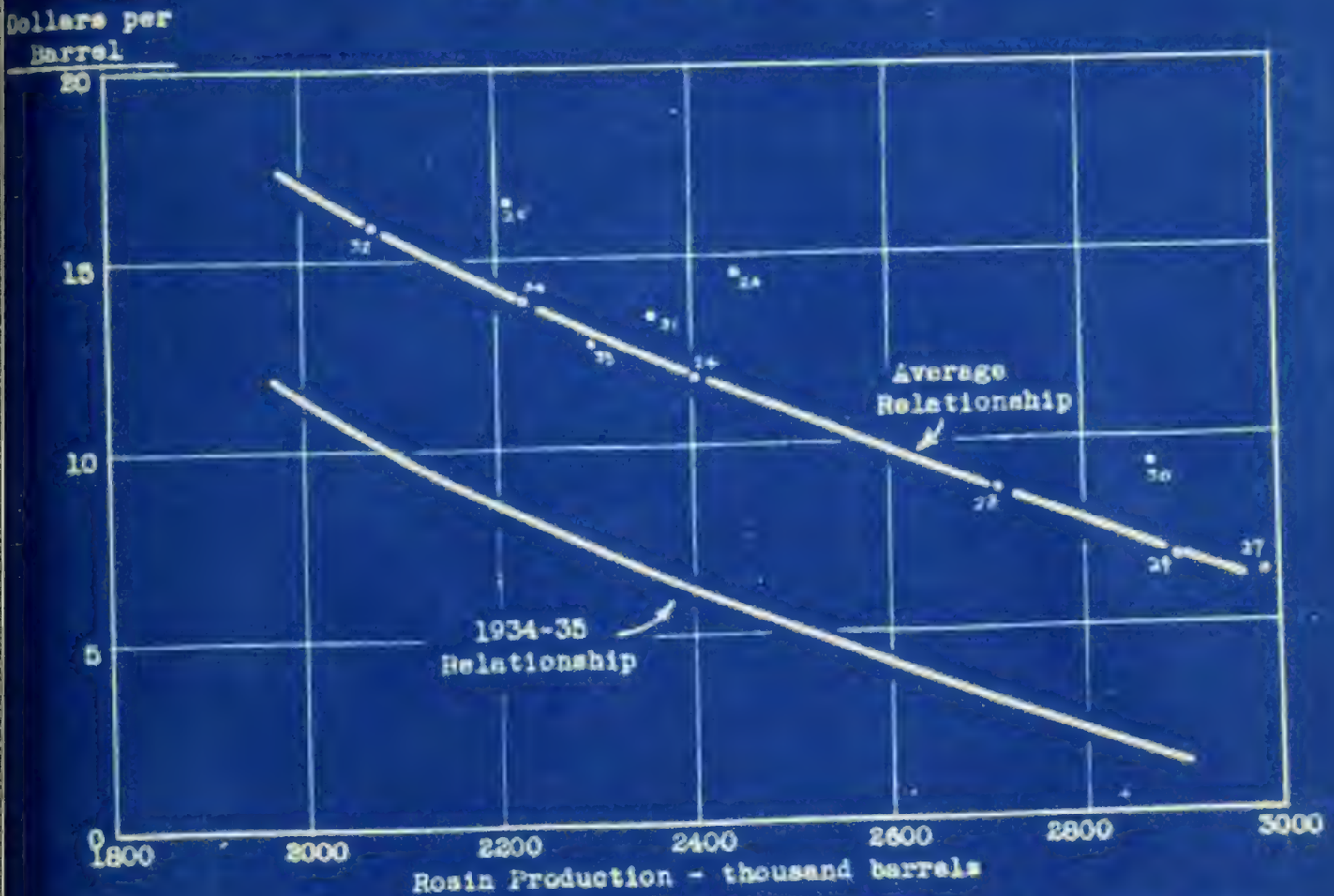
From 1927-28 to 1934-35 total exports of rosin varied between 1,100,000 and 1,300,000 barrels annually. For the first five months of

1/ See Savannah Weekly Naval Stores Review and Journal of Trade; Sept. 28, 1935, p. 4.

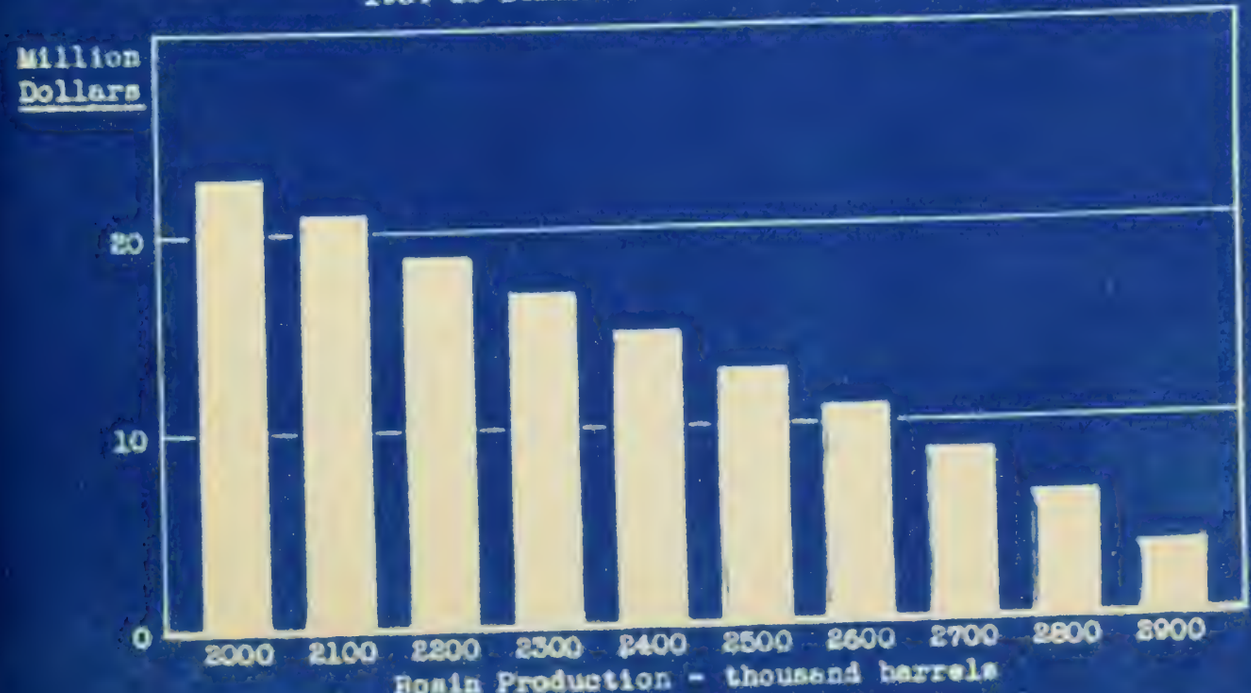
1/ See Annual Yearly Iberia and Journal of Trade, 1938, p. 39.

Figure

culated Relationship between Changes in Annual United States Production of Rosin and the Savannah Price for Gum Rosin after adjusting for Changes in the Index of Industrial Production and United States Commercial Carryover and Imports of Rosin, 1924-25 to 1934-35 Inclusive/1.



Calculated Changes in Gross Returns for Rosin Produced for Sale under 1934-35 Demand Conditions for Rosin



/1. The numbers refer to the years beginning April 1 and ending March 31 of the year following.

Source of data: See table [illegible].

Economic analysis Unit, General Crops Section, 9 - 30 - 36.

Figure 8

Table XXI

Calculated Production, Savannah Price and Gross Value of Rosin under 1934-35 Demand Conditions for Rosin

Production For Sale of	Calculated Average Price At Savannah	Calculated Savannah Price under 1934-35 Demand Conditions for Rosin	Calculated Gross Value under 1934-35 Demand Conditions for Rosin
1	2	3	4
Thousand Barrels	Dollars per Barrel	Dollars per Barrel	Thousand Dollars
2,000	17.00	11.39	22,780
2,100	15.60	9.99	20,979
2,200	14.10	8.49	18,678
2,300	12.90	7.29	16,767
2,400	11.80	6.19	14,856
2,500	10.75	5.14	12,850
2,600	9.80	4.19	10,894
2,700	8.80	3.19	8,613
2,800	7.85	2.24	6,272
2,900	6.86	1.25	3,625

Sources of data: Columns 1 and 2 are readings from Section A of Figure 7.
Column 3 is obtained by adjusting the curve to 1934-35 demand conditions as established by subtracting from the average curve in Section A of Figure 7, the difference in price due to 1934-35 demand conditions for rosin.
Column 4 is obtained by multiplying column 1 by column 3.

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General Crops Section.

the 1935-36 season the total exports were nearly 100,000 barrels above total exports in the same months of the 1934-35 season. Table XXII gives exports of rosin to specified countries by seasons from 1927-28 to 1932-33 and monthly from April, 1933 to July, 1935. The United Kingdom and Germany have together imported over 50 percent of the total United States foreign shipments. German imports have shown notable decreases since April, 1934.

(e) Sales of Turpentine and Rosin at Savannah and Jacksonville. The principal open markets 1/ for Naval Stores are at Savannah and Jacksonville. These two markets are the principal markets for the determination of world prices and prices to producers. As indicated previously (See Table XII) prices at Savannah and Jacksonville generally move very closely together and season average prices are the same at both placed. At Savannah daily prices are established by transactions between factors and distributors at the Board of Trade, and the Jacksonville the daily market price is determined through the meetings of buyers and sellers at the Chamber of Commerce. Dealers make sealed bids for factors offerings, which, if accepted, complete the sale.

The number of buyers and sellers is extremely small. According to J. C. Nash, representing the Columbia Naval Stores Company, one of the principal distributors, there are about seven factors and seven distributors who do the buying and selling at the Savannah Board of Trade. 2/ On the basis of the Savannah and Jacksonville prices dealers make offerings of turpentine and rosin for distribution throughout the world.

1/ That is markets in which there are daily public offerings and bids. Brunswick, Georgia, and Pensacola, Florida are closed ports where all receipts are Naval Stores received under contracts.

2/ U. S. Dept. Agr., Agr. Adj. Admin., Public Hearing upon a Proposed Marketing Agreement with Reference to the Gum Rosin and Gum Turpentine Industry. Docket No. 78, pp. 612-613.

Table XCII

United States Exports of Rosin to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, In Terms of 500-Pound Barrels

Season and Month	Germany	United Kingdom	Nether-lands	Canada	Argentine	Brazil	Others	Total
	1	2	3	4	5	6	7	8
1927-28	323,848	310,117	76,341	65,295	79,029	135,753	383,036	1,273,409
1928-29	247,972	255,152	64,330	81,496	102,560	100,279	445,980	1,120,036
1929-30	283,420	296,518	78,437	63,641	96,748	88,370	458,286	1,151,177
1930-31	231,356	275,955	76,377	54,411	79,822	103,727	394,666	1,216,514
1931-32	214,345	241,406	71,037	50,033	76,376	79,634	411,662	1,119,737
1932-33	251,079	210,944	94,777	42,753	62,099	81,499	346,143	1,089,294
1933-34								
April	18,382	12,705	7,812	3,033	3,804	10,344	32,649	88,729
May	18,456	27,498	6,728	8,177	6,760	7,841	28,834	104,294
June	18,745	35,923	7,673	3,167	10,957	11,101	29,246	116,812
July	32,572	31,492	12,660	6,269	2,397	7,252	36,268	127,910
August	21,901	20,606	8,770	6,326	4,249	3,318	46,119	111,291
September	23,888	15,796	10,796	6,860	2,974	4,748	42,917	107,981
October	22,648	22,955	7,155	3,895	3,383	5,353	34,706	99,844
November	19,452	16,578	3,837	2,695	8,973	4,266	42,086	99,887
December	9,579	18,174	11,546	2,475	9,896	4,832	43,821	100,323
January	8,201	27,499	6,061	3,186	3,825	5,427	21,268	77,467
February	18,358	15,823	5,640	5,237	8,651	3,024	19,374	76,107
March	17,060	21,449	5,584	3,513	3,890	9,759	26,971	88,997
Total	229,242	268,500	96,264	53,633	69,709	78,035	404,259	1,199,642
1934-35								
April	21,132	9,190	7,358	2,860	3,685	1,431	29,938	75,594
May	15,185	18,742	5,800	4,156	2,486	4,477	24,635	75,481
June	21,022	20,467	4,820	7,599	6,327	2,494	33,426	96,161
July	9,125	20,068	2,962	5,017	4,741	4,525	42,776	89,214
August	12,092	15,445	3,754	3,680	6,458	3,090	34,628	79,147
September	10,002	27,585	1,726	7,610	6,110	5,243	38,255	96,531
October	8,092	21,306	2,217	8,857	2,147	1,612	33,129	77,360
November	10,726	24,630	6,061	3,986	4,375	10,116	31,235	91,129
December	15,876	22,279	6,206	4,105	3,624	1,204	48,500	101,794
January	13,853	29,626	7,323	2,879	5,594	1,192	27,017	87,284
Febfuary	14,816	24,257	6,531	3,827	3,268	1,130	43,393	97,222
March	11,826	22,257	12,399	2,927	3,801	1,054	36,188	90,452
Total	163,533	255,852	67,157	57,503	52,616	37,568	423,120	1,057,389
1935-36								
April	13,657	12,913	6,624	4,084	8,790	3,452	34,420	83,940
May	14,073	25,901	4,651	2,981	4,486	2,832	27,071	81,995
June	13,580	28,450	13,302	6,484	6,962	4,869	44,962	118,579
July	14,978	20,154	5,319	7,960	2,239	12,408	36,740	99,798
Total								

Source of data: Compiled from records of Foreign Trade Statistics Division, U. S. Dept. Commerce.

Economic Analysis Unit, General Crops Section.

A relatively small proportion of the monthly receipts at Savannah and Jacksonville are actually sold through the method of bids and offers. It has been the practice in previous years to offer a small quantity for sale at the open market and, generally on the basis of these prices, the bulk of the sales are made by private transactions. Tables XXIII and XXIV give available data on monthly receipts and sales of turpentine and rosin from January, 1933 to September, 1935. At Savannah, turpentine sales varied between 11 and 56 percent of receipts down to 1935, though during January to May, 1935 they averaged over 85 percent of receipts at the two markets. During June, July and August they were about 46 percent of sales. In Jacksonville the ratio of sales to receipts has been somewhat higher, though there has been a variation from less than 9 percent to 138 percent since 1933. For the two ports less than one-third of the receipts were sold through the open market facilities down to 1935. In the first five months of 1935, sales were approximately the same as receipts, but in June, July and August they were from 31 to 45 percent of receipts.

A relatively larger proportion of the monthly receipts of rosin, than of the monthly receipts of turpentine, were sold at the two markets by open sale. The variation has been large, however. Sales have been from 23 to 100 percent of receipts with the greatest proportion of sales to receipts during the first five months of 1935.

Receipts and Sales of Turpentine at Savannah, Georgia and Jacksonville, Floride, by Months
January 1933 to September 1935

Year and Market	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	1	2	3	4	5	6	7	8	9	10	11	12
1933					Thousands of barrels							
Savannah												
Receipts	2.7	1.0	2.8	8.5	14.8	16.8	17.1	16.3	12.3	10.8	7.5	7.8
Sales	1.0	5.8	1.5	3.1			2.9	2.6	1.6	1.2	1.3	2.5
Sales as percent of Receipts	37.5	56.4	55.3	37.0			17.0	15.7	13.2	11.5	18.0	32.1
Jacksonville												
Receipts	2.6	1.4	3.4	7.8	13.9	14.5	13.4	12.4	10.5	10.2	7.9	7.1
Sales	1.1	1.2	2.1	3.3			4.9	4.3	4.3	3.6	2.3	1.9
Sales as percent of Receipts	43.8	86.8	60.5	42.4			36.8	34.8	40.6	34.9	29.6	26.3
Total 2 cities												
Receipts	5.3	2.4	6.1	16.3			30.5	28.7	22.8	21.0	15.4	15.0
Sales	2.1	1.8	3.6	6.5			7.8	6.9	5.9	4.8	3.7	4.4
Sales as percent of Receipts	40.6	73.8	58.1	39.6			25.7	24.0	25.9	22.9	23.9	29.3
1934												
Savannah												
Receipts	2.1	1.0	2.7	8.1	11.8	13.0	15.6	15.1	12.3	10.9	8.8	7.1
Sales	.8	.4	.8	2.1	4.0	5.3	5.2	6.1	3.4	1.8	0	1.6
Sales percent of Receipts	38.6	37.2	30.1	25.8	33.6	40.9	33.5	40.7	27.8	16.3	0	22.3
Jacksonville												
Receipts	2.2	1.4	3.2	7.2	9.3	10.6	11.3	12.4	11.1	11.4	9.5	9.4
Sales	1.8	1.1	1.4	2.8	4.2	3.7	3.0	3.0	1.7	1.0	0*	0*
Sales percent of Receipts	82.3	80.2	41.9	39.4	44.9	34.4	26.5	24.3	15.3	8.6	.4	.9
Total 2 cities												
Receipts	4.2	2.4	5.9	15.3	21.2	23.6	26.9	27.5	23.4	22.3	18.3*	16.4
Sales	2.6	1.5	2.2	4.9	8.2	9.0	8.2	9.2	5.1	2.8	0	1.7
Sales as percent of Receipts	60.8	61.9	36.5	32.2	38.6	37.9	30.6	33.3	21.9	12.4	.2	10.1

(continued)

| | | |

Receipts and Sales of Turpentine at Savannah, Georgia and Jacksonville, Florida, by Months January 1933 to September 1935.

Year and Market	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	1	2	3	4	5	6	7	8	9	10	11	12
	Thousands of Barrels											
1935												
Savannah												
Receipts	1.8	.5	1.5	9.5	12.7	14.1	16.4	14.2				
	.9	.4	1.7	8.4	11.3	6.7	7.4	6.5				
Sales as percent of Receipts	51.1	85.5	116.4	88.7	89.3	47.5	44.9	45.6				
Jacksonville												
Receipts	1.8	1.5	2.4	6.7	8.5	13.1	13.1	12.7				
Sales	2.3	1.5	3.3	6.3	7.7	1.8	3.9	5.7				
Sales as percent of Receipts	128.6	103.9	138.1	93.0	90.8	13.6	29.8	44.6				
Total 2 cities												
Sales	3.4	1.9	3.9	16.2	21.2	27.3	29.5	26.9				
Receipts	3.2	2.0	5.0	14.7	19.0	8.5	11.3	12.2				
Sales as percent of Receipts	89.9	99.4	130.7	90.5	89.9	31.2	38.2	45.2				

Source of data: Computed from weekly issues of Naval Stores Review and Journal of Trade.
Sales are monthly totals of the daily reports.

* Less than 100.

Receipts and Sales of Rosin at Savannah, Ga. and Jacksonville, Fla. by Months
January 1933 to September 1935.

Year and Market	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	1	2	3	4	5	6	7	8	9	10	11	12
1933					Thousands of Barrels							
Savannah												
Receipts	15.6	9.5	13.6	30.3	49.5	59.1	59.6	53.8	42.5	42.6	33.6	37.1
Sales	8.3	6.5	8.6	15.6			29.1	21.4	18.8	15.3	18.1	22.4
Sales as percent of receipts	53.4	68.1	63.6	51.7			48.9	39.8	44.2	35.9	53.8	60.3
Jacksonville												
Receipts	14.4	18.8	20.2	27.9	50.6	49.2	52.1	46.0	37.3	36.5	37.1	34.7
Sales	6.1	11.8	13.4	12.2			18.7	15.6	14.6	17.2	12.7	11.9
Sales as percent of Receipts												
Total 2 cities												
Receipts	30.0	28.4	33.8	58.2	100.2	108.3	111.7	99.9	79.9	79.1	70.7	71.8
Sales	14.4	18.3	22.0	27.8			47.8	37.0	33.4	32.5	30.8	34.3
Sales as percent of receipts	47.9	64.4	65.2	47.8			42.6	37.1	41.8	41.1	43.6	47.8
1934												
Savannah												
Receipts	18.3	14.3	23.5	34.4	47.6	49.9	60.9	57.3	40.9	38.8	34.6	40.7
Sales	8.4	5.5	10.8	15.8	25.3	18.7	26.7	20.8	14.3	15.2	.7	10.6
Sales as percent of Receipts	45.9	38.2	46.1	46.0	53.2	37.4	43.8	36.3	35.0	39.1	2.0	26.2
Jacksonville												
Receipts	18.0	16.4	26.3	29.5	40.3	41.3	42.6	39.8	37.8	44.6	56.1	61.2
Sales	9.5	6.6	8.8	12.9	16.0	11.6	8.3	9.5	10.9	10.1	.4	8.5
Sales as percent of Receipts	53.2	40.0	33.5	43.8	39.7	28.2	19.6	23.8	29.0	22.7	.8	13.8
Total 2 cities												
Receipts	36.2	30.7	49.8	63.9	87.9	91.2	103.5	97.0	78.6	83.3	90.7	101.9
Sales	17.9	12.0	19.6	28.7	41.3	30.3	35.0	30.3	25.2	25.3	1.1	19.1
Sales as percent of Receipts	49.5	39.2	39.4	45.0	47.0	33.2	33.8	31.2	32.1	30.3	1.2	18.8

(continued)

Receipts and Sales of Grain at Spokane, Wn. and Coeur d'Alene, Ida.

January 1935 to December 1935.

Year and Month	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1935												
Spokane												
Receipts	15.6	7.5	15.6	20.3	32.1	40.3	29.6	23.8	40.5	13.6	37.3	
Sales	8.3	6.5	8.6	15.6			29.1	23.4	12.8	13.3	18.1	18.4
Sales as percent of receipts	53.4	86.3	54.6	77.1			46.9	33.8	44.4	97.8	48.5	60.3
Jacksonville												
Receipts	14.4	16.5	20.2	17.9	20.6	40.2	32.1	46.0	32.3	36.3	31.8	24.7
Sales	6.1	12.6	13.4	12.2			18.7	15.6	14.6	17.2	12.7	11.9
Sales as percent of Receipts												
Total 2 cities												
Receipts	30.0	24.4	35.8	38.2	52.7	80.5	111.7	69.8	72.8	49.9	69.1	71.8
Sales	14.4	18.3	22.0	27.8			47.8	37.0	27.4	30.5	30.8	30.3
Sales as percent of receipts	47.8	63.0	61.6	72.8			42.8	53.1	37.6	61.1	44.6	42.2
1934												
Spokane												
Receipts	18.3	21.3	24.4	42.6	42.6	49.4	69.4	34.8	34.3	24.6	40.4	
Sales	6.4	5.5	10.8	25.3	18.7	22.7	20.8	18.3	14.3	15.3	.7	8.4
Sales as percent of Receipts	35.9	26.1	44.2	59.4	43.8	45.9	30.0	52.6	41.7	62.2	1.8	37.5
Jacksonville												
Receipts	16.0	16.4	24.5	27.4	33.8	44.6	43.4	37.8	44.6	24.1	8.9	
Sales	7.5	6.6	8.6	12.9	16.8	11.6	8.3	10.9	10.1	.4	8.9	
Sales as percent of Receipts	51.2	40.0	33.5	39.7	38.2	19.6	19.2	28.8	22.6	1.6	43.8	
Total 2 cities												
Receipts	34.3	37.7	49.8	69.9	81.2	102.2	112.8	72.6	78.9	48.7	49.3	122.4
Sales	17.9	12.0	19.6	38.7	41.3	34.3	29.0	29.3	24.0	15.7	1.5	17.3
Sales as percent of Receipts	52.2	31.8	39.4	55.3	50.8	33.5	25.7	40.3	30.4	32.2	3.0	14.2

Receipts and Sales of Rosin at Savannah, Ga. and Jacksonville, Fla. by Months
January 1933 to September 1935.

Year and Market	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	1	2	3	4	5	6	7	8	9	10	11	12
1935					Thousands of Barrels							
Savannah												
Receipts	11.6	4.8	9.6	31.8	46.2	51.2	59.6	55.3				
Sales	12.3	1.7	12.0	25.6	39.3	29.9	27.7	30.6				
Sales as percent of Receipts	106.5	34.7	124.4	80.6	85.2	58.3	46.5	55.4				
Jacksonville												
Receipts	13.7	13.5	16.6	31.2	40.4	46.5	49.9	52.6				
Sales	15.2	13.6	14.4	23.7	31.0	21.9	20.5	25.3				
Sales as percent of Receipts	110.9	100.7	86.7	76.1	76.8	47.2	41.1	48.2				
Total 2 cities												
Receipts	25.3	18.3	26.2	63.0	86.5	97.7	109.5	107.8				
Sales	27.6	15.3	26.3	49.3	70.3	51.8	48.3	56.0				
Sales as percent of Receipts	108.9	83.3	100.6	78.4	81.2	53.0	44.1	51.9				

Source of data: Compiled from weekly issues of Naval Stores Review and Journal of Trade.
Sales are monthly totals of daily reports.

SUPPLEMENTAL APPENDIX

Table XXV. Estimated Turpentine and Rosin Production in the United States, 1921-22 to 1935-36.

Table XXVI. Turpentine Stocks on Hand, by Location, April 1, 1921-1935.

Table XXVII. Rosin Stocks on Hand, by Location, April 1, 1921-1935.

Table XXVIII. Gum Turpentine and Rosin Stocks Pledged to the Commodity Credit Corporation, April 1, 1935.

Table XXIX. Gum Turpentine and Rosin Stocks Pledged to the Commodity Credit Corporation, September 21, 1935.

Table XXX. United States Turpentine Production, Carryover, Imports, Available Supplies, Total Disappearance, Exports and Domestic Disappearance, 1921-22 to 1935-36.

Table XXXI. Estimated United States Production and Distribution of Rosin, 1921-22 to 1934-35 inclusive.

Table XXXII. Monthly Prices of Turpentine at Savannah, 1921-22 to 1934-35.

Table XXXIII. Monthly Prices of Rosin at Savannah, 1921-22 to 1934-35.

Table XXXIV. Tariff Duties on Turpentine Imported from the United States into Specified Countries, 1929 to 1935, in terms of 50-Gal.Barrels.

Table XXXV. Tariff Duties on Rosin Imported from the United States into Specified Countries, 1929 to 1935, in Terms of 500-Pound Barrels.

Table XXXVI. United States Monthly Exports of Gum and Wood Turpentine, 1927-28 to 1934-35, in 50-gallon Barrels.

Table XXXVII. United States Monthly Exports of Gum Spirits of Turpentine 1927-28 to 1935-36, In Terms of 50-Gallon Barrels.

Table XXXVIII. United States Monthly Exports of Wood Turpentine in Terms of 50-Gallon Barrels.

Table XXIX. United States Monthly Exports of Gum and Wood Rosin, 1927-28 to 1934-35, In Thousands of 500-pound Barrels.

Table XL. United States Monthly Exports of Gum Rosin, 1927-28 to 1934-35, In Terms of 500-Pound Barrels.

Table XLI. United States Monthly Exports of Wood Rosin, In Terms of 500-Pound Barrels, 1927-28 to 1935-36.

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Table XLXV. Yearly Index of Tapestries Imported from Low Saxon Areas into Industrial Countries, 1830 to 1930, in Terms of Sterling, Imperial Quarters.

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Table XLXVIII. United States Monthly Imports of Feed Properties in Terms of Sterling Sterling.

Table XLIX. United States Monthly Imports of Tea and Feed Beans, 1830-31 to 1924-25, In Thousands of Sterling Imperial Quarters.

Table XL. United States Monthly Imports of Feed Properties, 1830-31 to 1924-25, In Terms of Sterling Imperial Quarters.

Table XLI. United States Monthly Imports of Feed Grain, In Terms of Sterling Imperial Quarters, 1831-32 to 1924-25.

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Table XLII. United States Exports of Gum Turpentine to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, In Terms of 50-Gallon Barrels.

Table XLIII. United States Exports of Wood Turpentine to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons in Terms of 50-Gallon Barrels.

Table XLIV. United States Exports of Gum Rosin to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, in Terms of 500-Pound Barrels.

Table XLV. United States Exports of Wood Rosin to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, in Terms of 500-Pound Barrels.

Table XLVI. Receipts of Turpentine at Savannah, Georgia; Jacksonville, Florida; Pensacola, Florida (In Barrels of 50 Gallons)

Table XLVII. United States Monthly Exports of Gum Spirits of Turpentine In Terms of 50-Gallon Barrels, January 1930 - December 1934.

Estimated Turpentine and Rosin Production in the United States 1921-22 to 1935-36

Year Beginning April 1	TURPENTINE Reported Gum	TURPENTINE 1935 Revision	TURPENTINE Estimated Total Gum	TURPENTINE Wood	TURPENTINE Total Gum & Wood	ROSIN Reported Gum	ROSIN 1935 Revision	ROSIN Estimated Total Gum	ROSIN Wood	ROSIN Total Gum and Wood
	1	2	3	4	5	6	7	8	9	10
	Thousand Barrels 1/					Thousand Barrels 2/				
1921-22	488		597	8	605	1,662		2,033	29	2,062
1922-23	448		548	37	585	1,500		1,834	152	1,986
1923-24	544		665	52	717	1,790		2,189	201	2,390
1924-25	522		638	65	703	1,721		2,105	298	2,403
1925-26	478		585	67	652	1,579		1,931	285	2,216
1926-27	510		624	79	703	1,700		2,079	365	2,444
1927-28	631		772	87	859	2,072		2,534	452	2,986
1928-29	560		685	86	771	1,865		2,281	432	2,713
1929-30	627		767	92	859	1,976		2,417	479	2,896
1930-31	599		733	77	810	1,986		2,429	441	2,870
1931-32	500		612	59	671	1,665		2,036	323	2,359
1932-33	390	501	501	74	575	1,300	1,670	1,670	403	2,073
1933-34	450	526	526	99	625	1,500	1,753	1,753	544	2,297
1934-35		510	510	93	605		1,700	1,700	529	2,229

1/ Barrels containing 50 gallons 2/ 500-pounds gross weight per barrel.

Sources of data: Columns 1 and 6: 1921-22 to 1925-26, 1927-28, and 1929-30; U. S. Dept. of Commerce Bureau of the Census, Census of Manufactures, 1931. Turpentine and Rosin, page 3, table 3. 1926-27; U.S.Dept. Agr., Office of Information, Press Service. Naval Stores Statistics for 1926. July 8, 1927, page 2, Table 2. 1928-29; U. S. Dept. Agr.,Bureau of Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for 1928, mimeograph, page 3, table 2. 1930-31; U.S.Dept. Agr.,Bureau of Chemistry and Soils, Naval Stores Statistics for Season 1930-31, mimeograph, page 3, table 2. 1931-32 through 1933-34, Savannah Weekly Naval Stores Review and Journal of Trade, 44:1:11. April 7, 1934.

Columns 2 and 7: U.S.Dept. Agr.,Bur. Chemistry and Soils and Agr. Adj. Admin. 1934-35 Annual Naval Stores Report on Production, Distribution, Consumption and Stocks of Turpentine and Rosin of the U. . by Crop Years. Issued July 31, 1935, page 2.

Columns 3 and 8: 1921-22 to 1931-32, the ratio of the 1932-33 and 1933-34 production in columns 2 and 7 to the production given in columns 1 and 6 for these years applied to the production figures in columns 1 and 6. 1932-33 to 1934-35 same as columns 2 and 7.

Columns 4 and 9: 1921-22 to 1929-30 same as 1921-22 to 1930-31 of columns 1 and 6. 1930-31 to 1931-32 compiled by the Economic Analysis Unit, General Crops Section, A.A.A. 1932-33 to 1934-35 same as columns 2 and 7. Column 5: Column 3 plus column 4. Column 10: Column 8 plus Column 9.

[illegible]

Turpentine Stocks on Hand, by Location, April 1, 1921-1935.

Year	Gum Stills	Interior Yards for Federal Loans	Southern Primary Ports	Eastern Distributing Points	Central Distributing Points	Western Distributing Points	Total for Four Distributing Points	Steam Distillation Plants	Destructive Distillation Plants	Sulphate Wood Plants	Total Wood Distillation Plants	Plants of Industrial Consumers	Total Stocks	Total Stocks Less Gum Stills	Total Less Gum Stills and Plants of Industrial Consumers
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	In Thousands of 50-gallon barrels														
1921	30		61	2	10	1	74	5 1/ 2/			5	31	140	110	79
1922	21		24	2	8	1	35	3 1/			3	27	85	64	38
1923	12		21	3	11	2	37	6 1/			6	17	72	59	43
1924	22		30	3	14	8	56	7	2		10	19	107	84	65
1925	9		32	3	12	5	51	14	1		15	25	101	91	66
1926	8		32	5	14	2	52	3	2		5	17	81	73	57
1927	8		32	4	7	2	46	7	2		9	21	83	76	55
1928	10		52	8	15	4	78	11	3/		11	27	127	116	89
1929	11		53	8	14	2	77	7	1		7	25	121	110	85
1930	13		49	8	16	2	75	14	1		15	25	127	115	90
1931	12		51	7	15	2	75	10	4/	4/	10	23	120	108	85
1932	10		85	6	14	2	107	6	4/	4/	6	17	141	131	114
1933	11	1	75	7	13	2	98	13	1	1	15	12	137	126	114
1934	15	1	50	8	15	3	75	20	1	2	22	19	132	118	99
1935	14	14	106	10	14	4	134	10	1	1	12	17	191	177	160

1/ Stocks held at Wood Distillation Plants.
2/ Estimated.
3/ Not available.
4/ Less than 500.

Sources of data: 1921-23: Prepared by Department of Commerce in Cooperation with Bureau of Chemistry, U. S. Dept. Agr., Courtesy of Dr. F. P. Veitch; 1924-30, U. S. Dept. Agr., Bur. Chemistry and Soils, Naval Stores Statistics, annual mimeographs; 1931-32, J.E.Lockwood, Naval Stores Consultant, Savannah, Ga., October 13, 1934; 1933-35, U.S.Dept. Agr., Bur.of Chemistry and Soils and Agr. Adj. Admin. 1934-35 Annual Naval Stores Report, op.cit., p. 3.

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Economic Analysis Unit,
General Crops Section.

Rosin Stocks On Hand, by Location, April 1, 1921-1935.

Year	Gum Stills	Interior Yards for Federal Loans	Southern Primary Ports	Eastern Distributing Points	Central Distributing Points	Western Distributing Points	Total for Four Distributing Points	Steam Distillation Plants	Plants of Industrial Consumers	Total Stocks	Total Stocks Less Gum Stills	Total Stocks Less Gum Stills and Plants of Industrial Consumers
	1	2	3	4	5	6	7	8	9	10	11	12
				In Thousands of Barrels - 500 pounds gross weight per barrel								
1921	327		432	11	36	-3/	479	40 1/2/	217	1,064	737	519
1922	500		350	11	49	6	417	19 1/	263	1,199	699	436
1923	475		278	8	47	1	335	25 1/	298	1,133	658	360
1924	345		308	14	29	1	352	38	265	999	654	390
1925	150		225	8	19	2	255	45	196	646	496	300
1926	92		148	4	11	1	164	23	166	444	352	186
1927	155		126	7	6	1	140	54	147	496	341	194
1928	102		172	7	12	6	197	98	212	609	507	295
1929	133		134	7	11	1	153	129	188	603	470	282
1930	87		194	13	21	1	230	91	201	609	522	321
1931	110		334	8	11	3	356	126	251	843	733	482
1932	129		428	10	10	2	450	91	365	1,034	906	540
1933	104	32	277	15	12	1	306	102	304	847	743	439
1934	196	30	172	7	10	1	188	88	426	929	733	307
1935	130	46	327	11	15	1	354	104	345	979	849	504

1/ Stores held at wood distillation plants.
2/ Estimated. 3/ Less than 500 barrels.

Sources of data: Same as table.

Economic Analysis Unit,
General Crops Section.

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Table XXVIII

Gum Turpentine and Rosin Stocks Pledged to the Commodity Credit Corporation.

April 1, 1935.

	Turpentine (bbls. 50 gals.)	Rosin (bbls.500lbs.)	Face Amount of Loans
Total Pledged	104,147	265,129	$4,492,116.11
Withdrawals	12,332	76,742	893,311.04
Balance	91,815	188,387	$3,598,805.07

The net pledged stocks on April 6th were distributed as follows:

	Barrels Turpentine	Round Barrels Rosin
Savannah	12,317	40,490
Pensacola	12,983	28,394
Jacksonville	28,871	40,179
Mobile	3,236	7,855
Brunswick	10,951	33,905
Total ports	78,358	150,823
Baxley	560	1,678
Youngstown	1,060	1,001
Shamrock	653	---
Estill, S. C.	374	2,811
Waycross	186	1,444
Valdosta	10,624	30,630
Total Interior	13,457	37,564
Grand Total	91,815	188,387

Source of data:

Savannah Weekly Naval Stores Review and Journal of Trade, April 13, 1935, page 4.

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General Crops Section, A.A.A.

Table XXXIX

Cane Townships and Towns Ranked in the Descending Total Temperatures.

April 1, 1900.

Townships (Towns.)	Total Number of Persons.	Total Number of Persons.	Total Number of Persons.
Total Standing **********	324,347	328,320	652,667
Baltimore **********	12,324	14,840	27,164
Baltimore **********	61,821	130,382	192,203

The ten highest stands on April 1st were distributed as follows:

Townships (Towns.)	Total Number of Persons.	Total Number of Persons.
Townsend **********	12,314	24,654
Townsville **********	11,258	23,584
Tuckerville **********	10,341	21,178
Uniola **********	8,214	17,000
Unionville **********	11,241	24,000
Total Towns	73,388	150,000
Valley **********	890	1,784
Valleyton **********	1,240	2,000
----------	840	----
Varnell, Jr. Co. **********	974	1,917
Virginia **********	1,240	2,444
Voluntown **********	11,234	23,000
Total Interior **********	11,487	32,000
Grand Total **********	87,214	184,000

Table XXIX

Gum Turpentine and Rosin Stocks Pledged to the Commodity Credit Corporation

September 21, 1935

	Turpentine (bbls. 50 gals.)	Rosin (bbls. 500 lbs.)	Face Amount of Loans
Total Pledged	160,958	371,370	$6,689,422.16
Withdrawals	12,349	77,856	902,583.70
Balance	148,609	293,514	$5,786,838.46

The net pledged stocks on September 21st. were distributed as follows:

Savannah	35,889	67,964	1,388,849.87
Jacksonville	45,724	66,740	1,631,291.50
Pensacola	20,605	45,926	830,117.18
Mobile	5,890	10,534	210,102.02
Brunswick	21,715	59,438	994,770.09
Total Ports	129,823	250,602	$5,055,130.66
Baxley	1,458	3,896	$ 60,906.33
Estill	505	2,811	32,231.03
Helena	388	—	7,865.51
Homerville	589	1,542	24,840.40
Shamrock	653	—	13,717.62
Tifton	274	—	5,530.76
Valdosta	12,303	29,749	494,040.56
Vidalia	1,087	2,455	41,471.29
Waycross	186	1,458	15,433.70
Youngstown	1,343	1,001	55,670.60
Total Interior	18,786	42,912	$ 731,707.80
Grand Total	148,609	293,514	$5,786,838.46

Source of data:
Savannah Weekly Naval Stores Review and Journal of Trade, September 21, 1935, page 4.

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Table XIII

Ohio Corporate and Trade Stocks Traded in the Commodity Credit Corporation

September 27, 1929

Corporation	Number of Shares	Par Value	Book Value
Total Traded	[illegible]	[illegible]	[illegible]
Allentown	[illegible]	[illegible]	[illegible]
Dayton	[illegible]	[illegible]	[illegible]

The net pledged stocks on September 27th, were distributed as follows:

Corporation	Number of Shares	Par Value	Book Value
Central	[illegible]	[illegible]	[illegible]
Jacksonville	[illegible]	[illegible]	[illegible]
Pensacola	[illegible]	[illegible]	[illegible]
Perdia	[illegible]	[illegible]	[illegible]
Universal	[illegible]	[illegible]	[illegible]
Total Ports	[illegible]	[illegible]	[illegible]
Bonfay	[illegible]	[illegible]	[illegible]
Bartlett	[illegible]	[illegible]	[illegible]
Delano	[illegible]	[illegible]	[illegible]
Kenneville	[illegible]	[illegible]	[illegible]
Kenwick	[illegible]	[illegible]	[illegible]
Tilton	[illegible]	[illegible]	[illegible]
Waldone	[illegible]	[illegible]	[illegible]
Tiberia	[illegible]	[illegible]	[illegible]
Tupelo	[illegible]	[illegible]	[illegible]
Youngstown	[illegible]	[illegible]	[illegible]
Total Interior	[illegible]	[illegible]	[illegible]
Grand Total	[illegible]	[illegible]	[illegible]

Terms of Sale:

Inventory Monthly Office Stevens Depths and Removal of Trade, September 27, 192[illegible]

Page 4.

Corporate Analysis Unit,
General Corps Section.

United States Turpentine Production, Carryover, Imports, Available Supplies, Total Disappearance, Exports and Domestic Disappearance, 1921-22 to 1935-36.

Year Beginning April 1	SUPPLY: Total Gum and Wood Production	SUPPLY: Stocks at Beginning of Season 1/	SUPPLY: Imports	SUPPLY: Total Available Supplies	DISTRIBUTION: Stocks at end of Season 1/	DISTRIBUTION: Total Disappearance	DISTRIBUTION: Exports	DISTRIBUTION: Domestic Disappearance
	1	2	3	4	5	6	7	8
	Thousands of Barrels 2/				Thousands of Barrels 2/			
1921-22	605	110	2	717	64	653	210	443
1922-23	585	64	2	651	59	592	170	422
1923-24	717	59	3	779	84	695	224	471
1924-25	703	84	4	791	91	700	250	450
1925-26	652	91	6	749	73	676	227	449
1926-27	703	73	6	782	76	706	256	450
1927-28	859	76	6	941	116	825	330	495
1928-29	771	116	7	894	110	784	277	507
1929-30	859	110	9	978	115	863	339	524
1930-31	810	115	9	934	108	826	328	498
1931-32	671	108	4	783	131	652	251	401
1932-33	575	131	9	715	126	589	225	364
1933-34	625	126	10	761	118	643	300	343
1934-35	603	118	11	732	177	555	197	358
1935-36		177						

1/ Not including stocks at gum stills. 2/ Barrels of 50 gallons.

Sources of data: Column 1, Table column 5.

Column 2, Table column 14.

Column 3, 1921-22, 1922-23, and 1923-24; U.S. Dept. Agr., Agr. Adj. Admin. Public Hearing upon a Proposed Marketing Agreement with reference to the Gum Rosin and Gum Turpentine Industry Docket No. 78, p.78, Hearing at Jacksonville, Florida, Nov. 20-23, 1933. 1924-25 through 1926-27; U.S. Dept. Agr., Office of Information, Press Service, Naval Stores Statistics for 1926, mimeogr. table 4, July 8, 1927. 1927-28 to 1928-29; U. S. Dept. Agr., Bureau Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for 1929, mimeogr. table 3. 1929-30 to 1930-31; U.S.Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for Season 1930-31, mimeograph table 5. 1931-32 to 1933-34; U.S.Dept.Agr., Bureau Chemistry and Soils, Statistics on Consumption and Stocks of Naval Stores, January 1933, mimeogr. table 3. 1934-35; U.S.Dept.Agr., Bureau of Chemistry and Soils and Agr. Adj. Admin., 1934-35 Annual Naval Stores Report issued July 31, 1935, p.2.

Column 4, Sum of Columns 1, 2 and 3.

Column 5, Same as column 2.

Column 6. Column 4 minus Column 5.

Column 7, 1921-22 to 1927-28; Gamble's Internation Naval Stores Year Book for 1932-33, p.53, 1928-29 to 1934-35; compiled from U. S. Dept. of Commerce, monthly issues of Monthly Summary of Foreign Commerce.

Column 8, Column 6, minus column 7.

Economic Analysis Unit,
Forest Service.

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Estimated United States Production and Distribution of Rosin, 1921-22 to 1934-35 inclusive.

Year Beginning April 1	SUPPLY: Estimated Production	SUPPLY: Stocks at Beginning of Year 1/	SUPPLY: Imports	SUPPLY: Available Supply	DISTRIBUTION: Stocks at end of Year 1/	DISTRIBUTION: Total Disappearance	DISTRIBUTION: Exports	DISTRIBUTION: Domestic Disappearance
	1	2	3	4	5	6	7	8
	Thousands of Barrels 2/					Thousands of Barrels 2/		
1921-22	2,062	737	1	2,800	699	2,101	676	1,425
1922-23	1,986	699	2	2,687	658	2,029	950	1,079
1923-24	2,390	658	2	3,050	654	2,396	1,170	1,226
1924-25	2,403	654	2	3,059	496	2,563	1,463	1,100
1925-26	2,216	496	17	2,729	352	2,377	1,083	1,294
1926-27	2,444	352	23	2,819	341	2,478	1,129	1,349
1927-28	2,986	341	4	3,331	507	1,824	1,373	451
1928-29	2,713	507	4	3,224	470	2,754	1,278	1,476
1929-30	2,896	470	3	3,369	522	2,847	1,365	1,482
1930-31	2,870	522	1	3,393	733	2,660	1,217	1,443
1931-32	2,359	733	1	3,093	906	2,187	1,120	1,067
1932-33	2,073	900	0	2,979	743	2,236	1,089	1,147
1933-34	2,297	743	4	3,044	733	2,311	1,298	1,013
1934-35	2,229	733	3	2,965	849	2,116	1,060	1,056
1935-36		849						

1/ Not including stocks at gum stills. 2/ Barrels weighing 500 pounds gross weight each.

Sources of data: Column 1, Table column 9.
Column 2, Table column 11.
Column 3, 1921-22, 1922-23, and 1923-24; U. S. Dept. Agr., Agr. Adj. Admin., Public Hearing upon a Proposed Marketing Agreement with reference to the Gum Rosin and Gum Turpentine Industry Docket No. 78, p. 77, Hearing at Jacksonville, Florida, Nov. 20-23, 1935. 1924-25 through 1926-27; U.S.Dept.Agr., Office of Information, Press Service, Naval Stores Statistics for 1926, mimeogr. table 4, July 8, 1927. 1927-28 to 1928-29; U.S.Dept.Agr., Bureau Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for 1929, mimeogr. table 3. 1929-30 to 1930-31; U.S.Dept.Agr., Bureau Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for Season 1930-31, mimeograph table 5. 1931-32 to 1933-34; U.S.Dept.Agr., Bureau Chemistry and Soils, Statistics on Consumption and Stocks of Naval Stores, January 1933, mimeogr. table 3. 1934-35; U.S.Dept.Agr., Bur.of Chemistry and Soils and Agr.Adj.Admin., 1934-35 Annual Naval Stores Report issued July 31, 1935, p.2.
Column 4, Sum of columns 1, 2 and 3. Column 5, Same as column 2.
Column 6, Column 4 minus column 5. Column 7, 1921-22 to 1927-28; Gamble's International Naval Stores Year Book for 1932-33, p. 16. 1928-29 to 1934-35; compiled from U.S.Dept. of Commerce, monthly issues of Monthly Summary of Foreign Commerce. Column 8, Column 6 minus column 7.

Economic Analysis Unit,
General Crops Section.

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Monthly Prices 1/ of Turpentine at Savannah, 1921-22 to 1934-35.

Season	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Weighted Average 2/
	1	2	3	4	5	6	7	8	9	10	11	12	13
						Dollars per barrel of 50 gallons							
1921-22	26.85	30.10	26.15	26.80	29.10	33.40	35.45	36.45	37.30	42.55	42.00	40.50	31.55
1922-23	40.20	43.30	56.40	56.70	56.60	32.70	74.30	75.10	66.15	72.10	72.55	74.20	60.60
1923-24	73.85	51.20	46.95	44.45	44.30	46.75	47.05	43.75	43.15	48.20	47.65	47.55	47.55
1924-25	42.45	40.25	38.95	39.60	42.05	41.10	40.15	38.60	40.70	43.70	43.75	42.15	40.55
1925-26	46.00	48.45	45.25	45.25	49.35	53.70	53.00	50.65	48.05	48.55	45.50	48.10	48.60
1926-27	41.65	40.00	40.20	43.05	44.15	43.05	42.15	41.45	39.90	36.45	33.00	32.40	41.30
1927-28	29.35	27.80	24.30	26.15	25.45	24.00	22.70	23.70	25.85	27.60	27.55	27.40	25.50
1928-29	25.45	23.80	25.80	24.55	23.50	23.55	25.10	28.05	28.20	27.65	26.30	26.05	25.45
1929-30	24.30	24.20	23.30	23.60	23.50	25.50	24.90	23.95	24.40	24.80	25.45	25.35	24.20
1930-31	23.55	21.70	20.35	18.55	18.60	18.80	17.95	18.55	18.10	19.40	20.90	24.45	19.65
1931-32	25.40	25.05	25.10	18.30	15.80	16.10	15.95	17.80	16.85	17.10	18.30	20.55	19.90
1932-33	19.55	19.80	18.95	19.80	18.95	18.10	18.90	19.55	18.45	20.00	20.20	19.75	19.20
1933-34	19.35	21.15	20.45	23.90	21.50	20.90	25.45	21.70	21.05	24.30	28.95	27.60	22.05
1934-35	26.75	25.45	22.85	21.35	20.95	20.70	23.35	24.00	23.09	25.08	25.38	24.88	23.01
1935-36	23.70	23.64	22.29	21.11	19.20	20.12 3/							21.65

1/ The monthly prices are simple averages of Saturday closing prices per gallon, converted to prices per barrel of 50 gallons.

2/ The monthly prices are weighted by monthly receipts of turpentine at Savannah, Jacksonville, and Pensacola.

3/ Average of two weeks (last quotation from the Naval Stores Review for Sept. 14, 1935.)

Sources of data: Naval Stores Review and Journal of Trade: 34:1:20, 1934; ibid. 44:7:10; 44:29:14; and monthly issues, 1935. Gamble's International Naval Stores Yearbook, 1930-31, p. 62.

Economic Analysis Unit,
General Crops Section, A.A.A.

Monthly Prices of Rosin at Savannah, 1921-22 to 1934-35.

Season	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Season Average
						In dollars per barrel of 500 pounds gross weight							
1921-22	7.14	7.89	6.91	6.75	7.14	7.84	7.75	7.89	7.98	7.52	7.54	7.32	7.50
1922-23	7.77	8.55	9.09	9.34	9.07	9.21	10.27	9.79	9.18	9.05	9.20	9.23	9.29
1923-24	8.86	8.71	8.61	8.54	8.53	8.25	8.16	7.93	8.57	8.71	8.37	8.46	8.34
1924-25	8.59	8.71	8.43	8.41	8.82	9.29	10.70	11.54	11.59	12.84	13.00	12.93	10.02
1925-26	13.43	16.09	15.68	16.34	18.25	23.25	25.59	25.39	23.30	21.59	23.32	22.61	19.84
1926-27	20.83	18.61	21.75	23.37	22.37	24.86	22.00	20.79	20.79	21.39	21.29	18.61	21.79
1927-28	17.45	16.27	15.11	14.86	16.00	15.12	13.64	12.27	13.64	15.36	14.96	15.32	14.91
1928-29	14.84	13.71	14.71	15.23	14.86	14.89	14.64	15.23	15.30	15.30	14.95	14.43	14.80
1929-30	13.39	13.20	13.05	13.57	13.29	14.05	14.57	13.61	13.11	13.36	13.30	12.89	13.46
1930-31	12.23	11.00	10.09	8.54	7.89	8.62	7.80	7.95	7.96	7.68	8.07	8.84	8.96
1931-32	8.86	8.95	9.39	7.05	5.37	5.43	5.27	5.84	5.54	5.84	5.83	6.55	6.95
1932-33	5.32	5.20	4.89	4.54	4.14	5.77	5.48	5.25	5.21	5.32	5.18	5.18	5.05
1933-34	5.27	6.32	6.30	7.30	6.84	6.98	6.39	7.00	6.96	7.57	9.00	9.04	6.93
1934-35	9.07	8.71	8.14	7.70	7.82	7.95	8.07	7.94	8.00	8.39	8.68	8.60	8.15
1935-36	8.23	8.30	8.07	7.85	7.28	7.55 1/							8.09

1/ To September 14.

Explanation: Monthly prices were compiled by taking a single average monthly price for each of the following grades: X, XN, XO, N, M, K, I, H, G, F, E, D, B and then weighting the price for each grade by the quantity of the grade inspected in Florida during the given year. Grades not included in the prices given for 1921-22,1922-23 and 1932-33. The monthly prices are weighted by monthly receipts of rosin at Savannah, Jacksonville and Pensacola for the season average prices.

Sources of data:

Prices: Monthly quotations by grades:

1921-22 to 1922-23: Computed from weekly quotations in the Naval Stores Review and Journal of Trade. 35:1:28:31. 1925.

(continued)

Monthly Prices of Rosin at Savannah, 1921-22 to 1934-35.

1923-24 to 1924-25: The Naval Stores Review and Journal of Trade.
Issues: 34:8:17. 1924 and 35. 1:23. 1925.

1925-26 to 1931-32; Gamble's International Naval Stores Yearbook,
Issues: 1926, page 45; 1927-28 p. 49; 1928-29 p. 60; 1929-30, p. 61,
1930-31 p. 25; 1931-32 p. 29; and 1932-33 p. 32.

1932-33: Computed from weekly quotations in the Naval Stores Review and Journal of Trade. 44:1:12, 14, 17, 18. 1934.

1933-34: The Naval Stores Review and Journal of Trade 44:4:10. 1934.

1934-35: Computed from Wednesday and Saturday quotationsin the Savannah Daily Market Reports. Savannah Exchange.

Weights: For monthly average price of all grades:

1921-22 to 1923-24: Average of 5-year--1924-25 to 1928-29--Inspections in Florida by grades, cited below.

1924-25 to 1933-34: Inspections of rosin in Florida by Grades, annually. The Naval Stores Review and Journal of Trade. 44:7:8. 1934.

1934-35: Average inspections of rosin in Florida, by grades, from April through July, 1934. Given in the Naval Stores Review and Journal of Trade.

Weights: For Seasonal weighted average price:

1921-22: Combined monthly rosin receipts at Savannah, Jacksonville, and Pensacola, given in Gamble's International Naval Stores Yearbook for 1930-31, page 23.

1922-23 to 1933-34: Same as above, given in the Naval Stores Review and Journal of Trade. 44:7:11. 1934.

1934-35: Ten year average--1924-25 to 1933-34--receipts, computed from above sources.

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Table XXXIV

Tariff Duties on Turpentine Imported from the United States into Specified Countries, 1929 to 1935.

In Terms of 50-Gallon Barrels

Country and Date Effective	Rate 1/	Country and Date Effective	Rate 1/
	1 dollars		1 dollars
Germany		Argentina	
1929 to date	free	1929	20.00
		1930	17.50
		1931	
United Kingdom		Sept. 21	14.50
1928 (Apr. 25)	4.00	Oct. 6	28.00
1929	4.00	1932	24.50
1930	4.00	1933	30.50
1931		1934	32.00
April 28	6.00	1935	32.00
Sept. 10	8.00		
1932	6.00		
1933	7.00	Brazil	
1934	8.50	1929	30.50
1935	3.50	1930	28.00
		1931	18.00
Japan		1932	18.50
(a) In can or Barrel		1933	20.50
1929	6.00	1934	
1930	6.50	Prior to Sept. 1	22.00
1931	6.50	Effective Sept. 1	30.00
1932 (Nov. 15)	5.00	1935	
1933	4.50	Current rate	30.00
1934	5.50	Treaty rate (not yet ratified)	20.50
1935	5.50		
(b) Other		Canada	
1929 to date	15% ad valorem	1929 to date	Free
Netherlands		Belgium	
1929 to date	Free	1929 to date	Free

1/ Conversions into U. S. currency made on the basis of average annual exchange.

Source of data: U. S. Dept. Agr., Bur. Agr. Econ., Division of Foreign Agr. Service.

Economic Analysis Unit,
General Crops Section.

Table XXXV

Tariff Duties on Rosin Imported from the United States into Specified Countries, 1929 to 1935 in Terms of 500-Pound Barrels

Country and Date Effective	Rate 1/	Country and Date Effective	Rate 1/
	dollars		dollars
Germany		Brazil	
1929 to date	free	1929	3.90
		1930	3.55
		1931	2.35
United Kingdom		1932	2.35
1929-Feb.,1932	free	1933	2.65
1932 (Mar. 1) to date	10% ad valorem	1934	
		Prior to Sept. 1	2.80
Japan		Sept. 1 to date	2.80
1929 to date	free		
Netherlands		Canada	
1929 to date	free	1929 to date 2/	free
Argentine		Belgium	
1929	0.50	1929 to date	free
1930	0.45		
1931			
Sept. 21	0.60		
Oct. 6	1.80		
1932	1.80		
1933	2.00		
1934	2.10		
1935	2.10		

1/ Conversions into U. S. currency made on the basis of average annual exchange.
2/ In packages of not less than 100 lbs.

Source of data:
U. S. Dept. Agr., Bur. Agr. Econ., Div. Foreign Agr. Service.

Economic Analysis Unit,
General Crops Section.

Table [illegible]

Retail Dealers in Books Imported from the United States
[illegible] Countries, 1930 to 1940
In Terms of 100-pound Barrels

Country and Date	Duty 1/	Country and Date	Duty 1/
[illegible]	[illegible]	[illegible]	[illegible]
	%		%

Table XXXVI

United States Monthly Exports of Gum and Wood Turpentine, 1927-28 to 1934-35, and April to August 1935.

In 50-gallon Barrels*

Month	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
	1	2	3	4	5	6	7	8	9
Monthly Totals									
il	12,887	7,547	16,036	12,872	12,489	18,943	18,726	13,197	12,624
	28,827	19,958	32,321	33,738	11,630	19,930	23,374	16,951	26,911
	45,519	35,713	39,135	33,965	11,600	27,128	37,408	22,042	17,994
	43,950	34,112	44,453	42,095	40,156	28,210	32,398	27,988	16,130
ust	38,315	38,617	48,510	44,259	38,207	30,543	36,725	25,446	28,793
tember	32,660	23,713	34,540	23,348	26,755	25,108	28,215	21,626	
ober	24,595	23,330	25,615	21,141	25,095	21,452	26,886	9,611	
mber	37,041	30,643	27,530	20,628	23,256	11,005	18,924	13,612	
mber	28,158	19,507	31,487	48,557	21,153	17,154	26,634	12,058	
ary	15,768	18,297	17,133	22,548	15,263	15,810	20,406	17,056	
ruary	11,090	10,897	14,226	6,536	12,350	11,606	16,332	8,329	
h	10,993	14,853	7,799	17,805	12,194	8,074	14,176	19,188	
otal	329,803	277,187	338,805	327,772	250,929	225,056	300,202	207,284	
Cumulative Monthly Totals									
il	12,887	7,547	16,036	12,872	12,489	18,943	18,726	13,197	12,624
	41,714	27,505	48,357	46,610	24,119	38,873	42,100	30,148	38,535
	87,233	63,218	87,492	80,575	35,719	66,001	79,508	52,190	57,529
	131,183	97,330	131,945	122,670	75,855	94,211	111,906	80,178	73,659
ust	169,498	135,947	180,455	166,909	114,062	114,854	148,629	105,624	102,452
tember	202,158	159,660	214,995	190,257	140,817	139,957	176,844	127,250	
ober	226,753	182,990	240,610	211,398	166,713	161,409	203,730	136,861	
mber	263,794	213,633	268,160	232,226	189,969	172,414	222,654	150,673	
mber	291,952	233,140	299,647	280,783	211,122	189,566	249,288	162,731	
uary	307,720	251,437	316,780	303,331	226,385	205,376	269,694	179,787	
bruary	318,810	262,334	331,006	309,967	238,735	216,982	286,026	188,096	
ch	329,803	277,187	338,805	327,772	250,929	225,056	300,202	207,284	

Converted from gallons.

urce of data: 1927-28 to 1933-34, Monthly issues of Monthly Summary of Foreign Commerce. 1934-35, compiled from records of U. S. Dept. of Commerce.

1935

onomic Analysis Unit,
neral Crops Section.

Table [illegible]

[illegible] Income Quantity Indexes of Farm and Rural Nonfarm [illegible]
1910-29 to 1970-71, and Crops in Index-1 [illegible]

In 20-Million Increments

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Table XXXVII

United States Monthly Exports of Gum Spirits of Turpentine
April 1927 to August 1935
In Terms of 50-Gallon Barrels

th	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
	1	2	3	4	5	6	7	8	9
					Monthly Totals				
l	11,458	6,260	14,439	11,691	10,709	16,983	17,737	12,409	10,034
	27,662	18,282	31,466	31,900	10,564	19,238	21,366	15,644	25,888
	45,048	32,551	37,865	32,346	10,734	20,032	35,994	30,279	16,192
	42,405	32,614	45,301	40,261	39,106	21,799	31,176	26,660	15,006
st	37,166	37,292	46,910	42,261	37,466	19,799	34,213	24,655	27,027
mber	31,822	22,158	32,405	21,397	25,689	23,861	37,031	20,364	
ber	22,868	22,075	24,339	20,455	24,895	20,633	26,117	8,198	
mber	36,054	23,902	26,267	19,925	23,432	10,426	17,943	12,075	
mber	26,942	17,509	29,984	47,297	20,646	16,487	24,378	10,171	
ary	14,350	16,765	15,735	21,242	14,390	14,421	18,688	15,931	
ruary	8,342	9,667	13,241	8,967	11,733	10,859	14,093	7,012	
h	9,904	12,676	6,691	14,838	11,693	6,625	12,535	16,617	
otal	313,721	256,754	322,836	309,490	240,145	207,171	281,171	190,035	
					Cumulative Monthly Totals				
11	11,458	6,260	14,439	11,691	10,709	16,983	17,737	12,409	10,034
	39,120	24,542	45,904	43,591	21,273	36,221	39,103	28,053	35,922
e	84,168	57,093	83,769	75,837	31,987	62,253	75,097	48,332	52,114
y	126,573	89,707	127,070	116,118	71,103	84,052	106,273	74,992	67,120
ust	163,739	126,999	173,980	158,379	108,569	103,851	140,486	99,647	94,147
tember	195,561	149,157	206,385	179,776	134,258	127,712	167,517	120,031	
ober	218,229	171,232	230,724	200,211	159,151	148,345	193,634	128,229	
ember	254,283	200,137	256,991	220,136	181,583	158,771	211,477	140,304	
ember	281,225	217,646	286,975	267,433	202,229	175,258	235,855	150,475	
uary	295,575	234,411	302,704	288,675	216,819	189,679	254,543	166,406	
ruary	303,917	244,078	313,945	294,642	228,552	200,538	268,636	173,418	
rch	313,721	256,754	322,836	309,490	240,145	207,171	281,171	190,035	

Estimated.

urce of data: 1927-28 to 1933-34, Monthly Summary of Foreign Commerce.
1934-35, 1935, compiled from records of Foreign Trade Statistics Div., U. S. Dept. Commerce.

nomic Analysis Unit,
ural Crops Section, A.A.A.

Table XXXVIII

United States Monthly Exports of Wood Turpentine in Terms of 50-Gallon Barrels April 1927 to August 1935

Month	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Monthly Totals									
l	1,429	1,287	1,597	1,181	1,780	1,960	989	788	2,590
	1,165	1,676	856	1,858	1,078	692	2,008	1,307	1,023
	471	3,162	1,270	1,719	866	1,096	1,414	1,765	1,802
	1,545	1,498	1,152	1,814	1,030	6,411	1,222	1,328	1,124
st	1,149	1,325	1,600	1,978	741	844	2,510	791	1,766
tember	838	1,555	2,135	1,951	1,066	1,242	1,184	1,242	
ber	1,927	1,252	1,276	706	1,003	819	769	1,413	
mber	987	1,741	1,283	903	824	577	1,081	1,737	
mber	1,216	1,998	1,503	1,260	507	657	2,256	1,887	
ary	1,418	1,532	1,404	1,306	673	1,389	1,718	1,105	
ary	2,748	1,230	985	669	617	747	2,239	1,317	
h	1,189	2,177	908	2,967	601	1,451	1,641	2,571 1/	
Total	16,082	20,433	15,969	18,292	10,784	17,885	19,031	17,249	
Cumulative Monthly Totals									
l	1,429	1,287	1,597	1,181	1,780	1,960	989	788	2,590
	2,594	2,963	2,453	3,019	2,856	2,652	2,997	2,095	3,613
	3,065	6,125	3,723	4,738	3,722	3,748	4,411	3,858	5,415
	4,610	7,623	4,875	6,552	4,752	10,159	5,633	5,186	6,539
st	5,759	8,948	6,475	8,530	5,493	11,003	8,143	5,977	8,305
tember	6,597	10,503	8,610	10,481	6,559	12,245	9,327	7,219	
ber	8,524	11,755	9,886	11,187	7,562	13,064	10,096	8,632	
mber	9,511	13,496	11,169	12,090	8,386	13,641	11,177	10,369	
mber	10,727	15,494	12,672	13,350	8,893	14,298	13,433	12,256	
ary	12,145	17,026	14,076	14,656	9,566	15,687	15,151	13,361	
ary	14,893	18,256	15,061	15,325	10,183	16,434	17,390	14,678	
h	16,082	20,433	15,969	18,292	10,784	17,885	19,031	17,249	

1/ Estimated.

Source of data: 1927-28 to 1933-34, 1935-36, Monthly Summaries of Foreign Commerce. 1934-35, 1935, compiled from records of Foreign Trade Statistics Division, U.S.Dept. Commerce.

Table XXXIII

Ultimate Strength Monthly Income of Dyed Textiles in
Terms of CO-Ordinate Universe
April 1837 to August 1839

Table XXXIX

United States Monthly Exports of Gum and Wood Rosin, 1927-28 to 1934-35 In Thousands of 500-pound barrels

Month	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Monthly Totals									
il	89	57	79	83	85	104	89	76	84
	110	113	121	139	77	83	104	75	82
	197	152	153	132	75	87	117	96	119
	160	124	156	120	167	112	128	89	100
ust	140	105	136	143	94	79	111	79	121
tember	118	89	113	95	87	94	207	97	
ber	79	121	102	110	101	114	100	77	
mber	107	91	107	94	81	70	100	91	
mber	152	102	146	95	88	90	100	102	
ary	80	101	97	74	117	79	78	87	
ruary	81	92	70	44	87	100	76	97	
h	60	131	85	88	81	77	89	90	
tal	1,373	1,278	1,365	1,217	1,120	1,089	1,299	1,056	
Cumulative Monthly Totals									
il	89	57	79	83	85	104	89	76	84
	199	170	200	222	162	187	193	151	166
	396	322	353	354	237	274	310	247	285
	556	446	509	474	404	386	438	336	385
ust	696	551	645	617	498	465	549	415	506
tember	814	640	758	712	585	559	756	512	
ber	893	761	860	822	686	673	856	589	
mber	1,000	852	967	916	767	743	956	680	
mber	1,152	954	1,113	1,011	855	833	1,056	782	
ary	1,232	1,055	1,210	1,085	972	912	1,134	869	
ruary	1,313	1,147	1,280	1,129	1,039	1,012	1,210	966	
h	1,373	1,278	1,365	1,217	1,120	1,089	1,299	1,056	

rce of data: 1927-28 to 1933-34, Monthly issues of Monthly Summary of Foreign Commerce. 1934-35, 1935, compiled from records of U. S. Dept. of Commerce.

Retired Status Monthly Imports of Fine and Wood Jewels,
1817-68 to 1856-82 in Hypsometers of Non-optical Material

:	:	:	:	:	:	:	:	:
: 1817-28:	1828-38:	1838-48:	1848-58:	1858-68:	1868-78:	1878-88:	1888-98:	1898-08:
:	:	:	:	:	:	:	:	:

Monthly Trends

82	84	78	80	86	104	88	78	84
132	138	122	130	118	82	104	72	82
124	128	132	120	114	88	114	98	116
108	134	128	120	134	112	128	88	100
142	124	138	142	94	92	112	78	96
118	88	112	98	84	94	104	84	
78	96	128	110	102	114	108	74	
104	92	138	94	82	78	120	92	
132	128	124	88	88	82	124	102	
88	112	84	94	114	92	78	88	
82	88	98	84	84	102	78	84	
80	102	88	82	88	94	88	98	
	1^3,044	1^3,048	1^3,084	1^3,114	1^3,048	1^3,098	1^3,088	

Cumulative Monthly Totals

82	84	78	80	86	104	88	78	84
214	222	200	210	204	186	192	150	166
338	350	332	330	318	274	306	248	282
446	484	460	450	452	386	434	336	382
588	608	598	592	546	478	546	414	478
706	720	726	690	630	572	650	492	574
784	832	864	784	714	650	728	570	670
888	944	988	878	798	728	852	672	766
1,020	1,068	1,112	968	882	842	930	756	862
1,108	1,180	1,196	1,052	966	920	1,034	840	962
1,190	1,268	1,294	1,136	1,048	994	1,112	928	1,046
1,278	1,356	1,392	1,226	1,132	1,086	1,200	1,000	1,130
1^3,278	1^3,356	1^3,392	1^3,226	1^3,132	1^3,086	1^3,200	1^3,000	1^3,130
1^3,370	1^3,468	1^3,520	1^3,310	1^3,218	1^3,172	1^3,288	1^3,088	1^3,212
1^3,458	1^3,580	1^3,652	1^3,430	1^3,332	1^3,258	1^3,376	1^3,178	1^3,294
1^3,566	1^3,708	1^3,776	1^3,550	1^3,446	1^3,372	1^3,488	1^3,290	1^3,406
1^3,678	1^3,836	1^3,900	1^3,674	1^3,560	1^3,486	1^3,602	1^3,404	1^3,520
1^3,766	1^3,948	1^3,988	1^3,768	1^3,674	1^3,580	1^3,680	1^3,492	1^3,608
1^3,854	1^3,992	1^3,072	1^3,852	1^3,758	1^3,674	1^3,758	1^3,590	1^3,692
1^3,936	1^3,080	1^3,156	1^3,936	1^3,842	1^3,758	1^3,836	1^3,674	1^3,776
1^3,988	1^3,168	1^3,240	1^3,020	1^3,926	1^3,842	1^3,914	1^3,762	1^3,860
2^3,044	1^3,216	1^3,328	1^3,104	1^3,010	1^3,926	1^3,992	1^3,850	1^3,944
2^3,132	1^3,304	1^3,416	1^3,192	1^3,098	1^3,014	1^3,080	1^3,938	1^3,032
2^3,220	1^3,392	1^3,504	1^3,280	1^3,186	1^3,102	1^3,168	1^3,026	1^3,120
2^3,308	1^3,480	1^3,592	1^3,368	1^3,274	1^3,190	1^3,256	1^3,114	1^3,208
2^3,396	1^3,568	1^3,680	1^3,456	1^3,362	1^3,278	1^3,344	1^3,202	1^3,296
2^3,484	1^3,656	1^3,768	1^3,544	1^3,450	1^3,366	1^3,432	1^3,290	1^3,384
2^3,572	1^3,744	1^3,856	1^3,632	1^3,538	1^3,454	1^3,520	1^3,378	1^3,472
2^3,660	1^3,832	1^3,944	1^3,720	1^3,626	1^3,542	1^3,608	1^3,466	1^3,560
2^3,748	1^3,920	1^3,032	1^3,808	1^3,714	1^3,630	1^3,696	1^3,554	1^3,648
2^3,836	1^3,008	1^3,120	1^3,896	1^3,802	1^3,718	1^3,784	1^3,642	1^3,736
2^3,924	1^3,096	1^3,208	1^3,984	1^3,890	1^3,806	1^3,872	1^3,730	1^3,824
3^3,012	1^3,184	1^3,296	1^3,072	1^3,978	1^3,894	1^3,960	1^3,818	1^3,912
3^3,100	1^3,272	1^3,384	1^3,160	2^3,066	1^3,982	1^3,048	1^3,906	1^3,000
3^3,188	1^3,360	1^3,472	1^3,248	2^3,154	2^3,070	1^3,136	1^3,994	1^3,088
3^3,276	1^3,448	1^3,560	1^3,336	2^3,242	2^3,158	1^3,224	1^3,082	1^3,176
3^3,364	1^3,536	1^3,648	1^3,424	2^3,330	2^3,246	1^3,312	1^3,170	1^3,264
3^3,452	1^3,624	1^3,736	1^3,512	2^3,418	2^3,334	1^3,400	1^3,258	1^3,352
3^3,540	1^3,712	1^3,824	1^3,600	2^3,506	2^3,422	1^3,488	1^3,346	1^3,440
3^3,628	1^3,800	1^3,912	1^3,688	2^3,594	2^3,510	1^3,576	1^3,434	1^3,528
3^3,716	1^3,888	1^3,000	1^3,776	2^3,682	2^3,598	1^3,664	1^3,522	1^3,616
3^3,804	1^3,976	1^3,088	1^3,864	2^3,770	2^3,686	1^3,752	1^3,610	1^3,704
3^3,892	1^3,064	1^3,176	1^3,952	2^3,858	2^3,774	1^3,840	1^3,698	1^3,792
3^3,980	1^3,152	1^3,264	1^3,040	2^3,946	2^3,862	1^3,928	1^3,786	1^3,880
4^3,068	1^3,240	1^3,352	1^3,128	3^3,034	2^3,950	1^3,016	1^3,874	1^3,968
4^3,156	1^3,328	1^3,440	1^3,216	3^3,122	3^3,038	1^3,104	1^3,962	2^3,056
4^3,244	1^3,416	1^3,528	1^3,304	3^3,210	3^3,126	1^3,192	2^3,050	2^3,144
4^3,332	1^3,504	1^3,616	1^3,392	3^3,298	3^3,214	1^3,280	2^3,138	2^3,232
4^3,420	1^3,592	1^3,704	1^3,480	3^3,386	3^3,302	1^3,368	2^3,226	2^3,320
4^3,508	1^3,680	1^3,792	1^3,568	3^3,474	3^3,390	1^3,456	2^3,314	2^3,408
4^3,596	1^3,768	1^3,880	1^3,656	3^3,562	3^3,478	1^3,544	2^3,402	2^3,496
4^3,684	1^3,856	1^3,968	1^3,744	3^3,650	3^3,566	1^3,632	2^3,490	2^3,584
4^3,772	1^3,944	1^3,056	1^3,832	3^3,738	3^3,654	1^3,720	2^3,578	2^3,672
4^3,860	1^3,032	1^3,144	1^3,920	3^3,826	3^3,742	1^3,808	2^3,666	2^3,760
4^3,948	1^3,120	1^3,232	1^3,008	3^3,914	3^3,830	1^3,896	2^3,754	2^3,848
5^3,036	1^3,208	1^3,320	1^3,096	4^3,002	3^3,918	1^3,984	2^3,842	2^3,936
5^3,124	1^3,296	1^3,408	1^3,184	4^3,090	4^3,006	2^3,072	2^3,930	3^3,024
5^3,212	1^3,384	1^3,496	1^3,272	4^3,178	4^3,094	2^3,160	3^3,018	3^3,112
5^3,300	1^3,472	1^3,584	1^3,360	4^3,266	4^3,182	2^3,248	3^3,106	3^3,200
5^3,388	1^3,560	1^3,672	1^3,448	4^3,354	4^3,270	2^3,336	3^3,194	3^3,288
5^3,476	1^3,648	1^3,760	1^3,536	4^3,442	4^3,358	2^3,424	3^3,282	3^3,376
5^3,564	1^3,736	1^3,848	1^3,624	4^3,530	4^3,446	2^3,512	3^3,370	3^3,464
5^3,652	1^3,824	1^3,936	1^3,712	4^3,618	4^3,534	2^3,600	3^3,458	3^3,552
5^3,740	1^3,912	1^3,024	1^3,800	4^3,706	4^3,622	2^3,688	3^3,546	3^3,640
5^3,828	2^3,000	1^3,112	1^3,888	4^3,794	4^3,710	2^3,776	3^3,634	3^3,728
5^3,916	2^3,088	1^3,200	1^3,976	4^3,882	4^3,798	2^3,864	3^3,722	3^3,816
6^3,004	2^3,176	1^3,288	2^3,064	4^3,970	4^3,886	2^3,952	3^3,810	3^3,904
6^3,092	2^3,264	1^3,376	2^3,152	5^3,058	4^3,974	3^3,040	3^3,898	3^3,992
6^3,180	2^3,352	1^3,464	2^3,240	5^3,146	5^3,062	3^3,128	3^3,986	4^3,080
6^3,268	2^3,440	1^3,552	2^3,328	5^3,234	5^3,150	3^3,216	4^3,074	4^3,168
6^3,356	2^3,528	1^3,640	2^3,416	5^3,322	5^3,238	3^3,304	4^3,162	4^3,256
6^3,444	2^3,616	1^3,728	2^3,504	5^3,410	5^3,326	3^3,392	4^3,250	4^3,344
6^3,532	2^3,704	1^3,816	2^3,592	5^3,498	5^3,414	3^3,480	4^3,338	4^3,432
6^3,620	2^3,792	1^3,904	2^3,680	5^3,586	5^3,502	3^3,568	4^3,426	4^3,520
6^3,708	2^3,880	1^3,992	2^3,768	5^3,674	5^3,590	3^3,656	4^3,514	4^3,608
6^3,796	2^3,968	2^3,080	2^3,856	5^3,762	5^3,678	3^3,744	4^3,602	4^3,696
6^3,884	3^3,056	2^3,168	2^3,944	5^3,850	5^3,766	3^3,832	4^3,690	4^3,784
6^3,972	3^3,144	2^3,256	3^3,032	5^3,938	5^3,854	3^3,920	4^3,778	4^3,872
7^3,060	3^3,232	2^3,344	3^3,120	6^3,026	5^3,942	4^3,008	4^3,866	4^3,960
7^3,148	3^3,320	2^3,432	3^3,208	6^3,114	6^3,030	4^3,096	4^3,954	5^3,048
7^3,236	3^3,408	2^3,520	3^3,296	6^3,202	6^3,118	4^3,184	5^3,042	5^3,136
7^3,324	3^3,496	2^3,608	3^3,384	6^3,290	6^3,206	4^3,272	5^3,130	5^3,224
7^3,412	3^3,584	2^3,696	3^3,472	6^3,378	6^3,294	4^3,360	5^3,218	5^3,312
7^3,500	3^3,672	2^3,784	3^3,560	6^3,466	6^3,382	4^3,448	5^3,306	5^3,400
7^3,588	3^3,760	2^3,872	3^3,648	6^3,554	6^3,470	4^3,536	5^3,394	5^3,488
7^3,676	3^3,848	2^3,960	3^3,736	6^3,642	6^3,558	4^3,624	5^3,482	5^3,576
7^3,764	3^3,936	3^3,048	3^3,824	6^3,730	6^3,646	4^3,712	5^3,570	5^3,664
7^3,852	4^3,024	3^3,136	3^3,912	6^3,818	6^3,734	4^3,800	5^3,658	5^3,752
7^3,940	4^3,112	3^3,224	4^3,000	6^3,906	6^3,822	4^3,888	5^3,746	5^3,840
8^3,028	4^3,200	3^3,312	4^3,088	6^3,994	6^3,910	4^3,976	5^3,834	5^3,928
8^3,116	4^3,288	3^3,400	4^3,176	7^3,082	6^3,998	5^3,064	5^3,922	6^3,016
8^3,204	4^3,376	3^3,488	4^3,264	7^3,170	7^3,086	5^3,152	6^3,010	6^3,104
8^3,292	4^3,464	3^3,576	4^3,352	7^3,258	7^3,174	5^3,240	6^3,098	6^3,192
8^3,380	4^3,552	3^3,664	4^3,440	7^3,346	7^3,262	5^3,328	6^3,186	6^3,280
8^3,468	4^3,640	3^3,752	4^3,528	7^3,434	7^3,350	5^3,416	6^3,274	6^3,368
8^3,556	4^3,728	3^3,840	4^3,616	7^3,522	7^3,438	5^3,504	6^3,362	6^3,456
8^3,644	4^3,816	3^3,928	4^3,704	7^3,610	7^3,526	5^3,592	6^3,450	6^3,544
8^3,732	4^3,904	4^3,016	4^3,792	7^3,698	7^3,614	5^3,680	6^3,538	6^3,632
8^3,820	4^3,992	4^3,104	4^3,880	7^3,786	7^3,702	5^3,768	6^3,626	6^3,720
8^3,908	5^3,080	4^3,192	4^3,968	7^3,874	7^3,790	5^3,856	6^3,714	6^3,808
8^3,996	5^3,168	4^3,280	5^3,056	7^3,962	7^3,878	5^3,944	6^3,802	6^3,896
9^3,084	5^3,256	4^3,368	5^3,144	8^3,050	7^3,966	6^3,032	6^3,890	6^3,984
9^3,172	5^3,344	4^3,456	5^3,232	8^3,138	8^3,054	6^3,120	6^3,978	7^3,072
9^3,260	5^3,432	4^3,544	5^3,320	8^3,226	8^3,142	6^3,208	7^3,066	7^3,160
9^3,348	5^3,520	4^3,632	5^3,408	8^3,314	8^3,230	6^3,296	7^3,154	7^3,248
9^3,436	5^3,608	4^3,720	5^3,496	8^3,402	8^3,318	6^3,384	7^3,242	7^3,336
9^3,524	5^3,696	4^3,808	5^3,584	8^3,490	8^3,406	6^3,472	7^3,330	7^3,424
9^3,612	5^3,784	4^3,896	5^3,672	8^3,578	8^3,494	6^3,560	7^3,418	7^3,512
9^3,700	5^3,872	4^3,984	5^3,760	8^3,666	8^3,582	6^3,648	7^3,506	7^3,600
9^3,788	5^3,960	5^3,072	5^3,848	8^3,754	8^3,670	6^3,736	7^3,594	7^3,688
9^3,876	6^3,048	5^3,160	5^3,936	8^3,842	8^3,758	6^3,824	7^3,682	7^3,776
9^3,964	6^3,136	5^3,248	6^3,024	8^3,930	8^3,846	6^3,912	7^3,770	7^3,864
10^3,052	6^3,224	5^3,336	6^3,112	9^3,018	8^3,934	7^3,000	7^3,858	7^3,952
10^3,140	6^3,312	5^3,424	6^3,200	9^3,106	9^3,022	7^3,088	7^3,946	8^3,040
10^3,228	6^3,400	5^3,512	6^3,288	9^3,194	9^3,110	7^3,176	8^3,034	8^3,128
10^3,316	6^3,488	5^3,600	6^3,376	9^3,282	9^3,198	7^3,264	8^3,122	8^3,216
10^3,404	6^3,576	5^3,688	6^3,464	9^3,370	9^3,286	7^3,352	8^3,210	8^3,304
10^3,492	6^3,664	5^3,776	6^3,552	9^3,458	9^3,374	7^3,440	8^3,298	8^3,392
10^3,580	6^3,752	5^3,864	6^3,640	9^3,546	9^3,462	7^3,528	8^3,386	8^3,480
10^3,668	6^3,840	5^3,952	6^3,728	9^3,634	9^3,550	7^3,616	8^3,474	8^3,568
10^3,756	6^3,928	6^3,040	6^3,816	9^3,722	9^3,638	7^3,704	8^3,562	8^3,656
10^3,844	7^3,016	6^3,128	6^3,904	9^3,810	9^3,726	7^3,792	8^3,650	8^3,744
10^3,932	7^3,104	6^3,216	6^3,992	9^3,898	9^3,814	7^3,880	8^3,738	8^3,832
11^3,020	7^3,192	6^3,304	7^3,080	9^3,986	9^3,902	7^3,968	8^3,826	8^3,920
11^3,108	7^3,280	6^3,392	7^3,168	10^3,074	9^3,990	8^3,056	8^3,914	9^3,008
11^3,196	7^3,368	6^3,480	7^3,256	10^3,162	10^3,078	8^3,144	9^3,002	9^3,096
11^3,284	7^3,456	6^3,568	7^3,344	10^3,250	10^3,166	8^3,232	9^3,090	9^3,184
11^3,372	7^3,544	6^3,656	7^3,432	10^3,338	10^3,254	8^3,320	9^3,178	9^3,272
11^3,460	7^3,632	6^3,744	7^3,520	10^3,426	10^3,342	8^3,408	9^3,266	9^3,360
11^3,548	7^3,720	6^3,832	7^3,608	10^3,514	10^3,430	8^3,496	9^3,354	9^3,448
11^3,636	7^3,808	6^3,920	7^3,696	10^3,602	10^3,518	8^3,584	9^3,442	9^3,536
11^3,724	7^3,896	7^3,008	7^3,784	10^3,690	10^3,606	8^3,672	9^3,530	9^3,624
11^3,812	7^3,984	7^3,096	7^3,872	10^3,778	10^3,694	8^3,760	9^3,618	9^3,712
11^3,900	8^3,072	7^3,184	7^3,960	10^3,866	10^3,782	8^3,848	9^3,706	9^3,800
11^3,988	8^3,160	7^3,272	8^3,048	10^3,954	10^3,870	8^3,936	9^3,794	9^3,888
12^3,076	8^3,248	7^3,360	8^3,136	11^3,042	10^3,958	9^3,024	9^3,882	9^3,976
12^3,164	8^3,336	7^3,448	8^3,224	11^3,130	11^3,046	9^3,112	9^3,970	10^3,064
12^3,252	8^3,424	7^3,536	8^3,312	11^3,218	11^3,134	9^3,200	10^3,058	10^3,152
12^3,340	8^3,512	7^3,624	8^3,400	11^3,306	11^3,222	9^3,288	10^3,146	10^3,240
12^3,428	8^3,600	7^3,712	8^3,488	11^3,394	11^3,310	9^3,376	10^3,234	10^3,328
12^3,516	8^3,688	7^3,800	8^3,576	11^3,482	11^3,398	9^3,464	10^3,322	10^3,416
12^3,604	8^3,776	7^3,888	8^3,664	11^3,570	11^3,486	9^3,552	10^3,410	10^3,504
12^3,692	8^3,864	7^3,976	8^3,752	11^3,658	11^3,574	9^3,640	10^3,498	10^3,592
12^3,780	8^3,952	8^3,064	8^3,840	11^3,746	11^3,662	9^3,728	10^3,586	10^3,680
12^3,868	9^3,040	8^3,152	8^3,928	11^3,834	11^3,750	9^3,816	10^3,674	10^3,768
12^3,956	9^3,128	8^3,240	9^3,016	11^3,922	11^3,838	9^3,904	10^3,762	10^3,856
13^3,044	9^3,216	8^3,328	9^3,104	12^3,010	11^3,926	9^3,992	10^3,850	10^3,944
13^3,132	9^3,304	8^3,416	9^3,192	12^3,098	12^3,014	10^3,080	10^3,938	11^3,032
13^3,220	9^3,392	8^3,504	9^3,280	12^3,186	12^3,102	10^3,168	11^3,026	11^3,120
13^3,308	9^3,480	8^3,592	9^3,368	12^3,274	12^3,190	10^3,256	11^3,114	11^3,208
13^3,396	9^3,568	8^3,680	9^3,456	12^3,362	12^3,278	10^3,344	11^3,202	11^3,296
13^3,484	9^3,656	8^3,768	9^3,544	12^3,450	12^3,366	10^3,432	11^3,290	11^3,384
13^3,572	9^3,744	8^3,856	9^3,632	12^3,538	12^3,454	10^3,520	11^3,378	11^3,472
13^3,660	9^3,832	8^3,944	9^3,720	12^3,626	12^3,542	10^3,608	11^3,466	11^3,560
13^3,748	9^3,920	9^3,032	9^3,808	12^3,714	12^3,630	10^3,696	11^3,554	11^3,648
13^3,836	10^3,008	9^3,120	9^3,896	12^3,802	12^3,718	10^3,784	11^3,642	11^3,736
13^3,924	10^3,096	9^3,208	9^3,984	12^3,890	12^3,806	10^3,872	11^3,730	11^3,824
14^3,012	10^3,184	9^3,296	10^3,072	12^3,978	12^3,894	10^3,960	11^3,818	11^3,912
14^3,100	10^3,272	9^3,384	10^3,160	13^3,066	12^3,982	11^3,048	11^3,906	12^3,000
14^3,188	10^3,360	9^3,472	10^3,248	13^3,154	13^3,070	11^3,136	11^3,994	12^3,088
14^3,276	10^3,448	9^3,560	10^3,336	13^3,242	13^3,158	11^3,224	12^3,082	12^3,176
14^3,364	10^3,536	9^3,648	10^3,424	13^3,330	13^3,246	11^3,312	12^3,170	12^3,264
14^3,452	10^3,624	9^3,736	10^3,512	13^3,418	13^3,334	11^3,400	12^3,258	12^3,352
14^3,540	10^3,712	9^3,824	10^3,600	13^3,506	13^3,422	11^3,488	12^3,346	12^3,440
14^3,628	10^3,800	9^3,912	10^3,688	13^3,594	13^3,510	11^3,576	12^3,434	12^3,528
14^3,716	10^3,888	10^3,000	10^3,776	13^3,682	13^3,598	11^3,664	12^3,522	12^3,616
14^3,804	10^3,976	10^3,088	10^3,864	13^3,770	13^3,686	11^3,752	12^3,610	12^3,704
14^3,892	11^3,064	10^3,176	10^3,952	13^3,858	13^3,774	11^3,840	12^3,698	12^3,792
14^3,980	11^3,152	10^3,264	11^3,040	13^3,946	13^3,862	11^3,928	12^3,786	12^3,880
15^3,068	11^3,240	10^3,352	11^3,128	14^3,034	13^3,950	12^3,016	12^3,874	12^3,968
15^3,156	11^3,328	10^3,440	11^3,216	14^3,122	14^3,038	12^3,104	12^3,962	13^3,056
15^3,244	11^3,416	10^3,528	11^3,304	14^3,210	14^3,126	12^3,192	13^3,050	13^3,144
15^3,332	11^3,504	10^3,616	11^3,392	14^3,298	14^3,214	12^3,280	13^3,138	13^3,232
15^3,420	11^3,592	10^3,704	11^3,480	14^3,386	14^3,302	12^3,368	13^3,226	13^3,320
15^3,508	11^3,680	10^3,792	11^3,568	14^3,474	14^3,390	12^3,456	13^3,314	13^3,408
15^3,596	11^3,768	10^3,880	11^3,656	14^3,562	14^3,478	12^3,544	13^3,402	13^3,496
15^3,684	11^3,856	10^3,968	11^3,744	14^3,650	14^3,566	12^3,632	13^3,490	13^3,584
15^3,772	11^3,944	11^3,056	11^3,832	14^3,738	14^3,654	12^3,720	13^3,578	13^3,672
15^3,860	12^3,032	11^3,144	11^3,920	14^3,826	14^3,742	12^3,808	13^3,666	13^3,760
15^3,948	12^3,120	11^3,232	12^3,008	14^3,914	14^3,830	12^3,896	13^3,754	13^3,848
16^3,036	12^3,208	11^3,320	12^3,096	15^3,002	14^3,918	12^3,984	13^3,842	13^3,936
16^3,124	12^3,296	11^3,408	12^3,184	15^3,090	15^3,006	13^3,072	13^3,930	14^3,024
16^3,212	12^3,384	11^3,496	12^3,272	15^3,178	15^3,094	13^3,160	14^3,018	14^3,112
16^3,300	12^3,472	11^3,584	12^3,360	15^3,266	15^3,182	13^3,248	14^3,106	14^3,200
16^3,388	12^3,560	11^3,672	12^3,448	15^3,354	15^3,270	13^3,336	14^3,194	14^3,288
16^3,476	12^3,648	11^3,760	12^3,536	15^3,442	15^3,358	13^3,424	14^3,282	14^3,376
16^3,564	12^3,736	11^3,848	12^3,624	15^3,530	15^3,446	13^3,512	14^3,370	14^3,464
16^3,652	12^3,824	11^3,936	12^3,712	15^3,618	15^3,534	13^3,600	14^3,458	14^3,552
16^3,740	12^3,912	12^3,024	12^3,800	15^3,706	15^3,622	13^3,688	14^3,546	14^3,640
16^3,828

Table XL

United States Monthly Exports of Gum Rosin, 1927-28 to 1934-35
In Terms of 500-Pound Barrels

Month	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Monthly Totals									
[illegible]	76,457	49,985	62,873	68,507	69,428	90,790	74,956	54,337	58,489
[illegible]	98,354	103,686	105,127	125,127	62,504	70,872	84,467	57,736	64,376
[illegible]	180,575	134,736	133,323	113,599	64,805	74,744	94,532	77,767	93,235
[illegible]	146,633	109,334	140,097	108,417	154,477	99,196	104,220	73,971	75,331
[illegible]t	123,521	89,425	114,203	126,729	82,743	67,961	91,993	65,116	97,052
[illegible]mber	103,063	77,108	96,776	80,846	75,373	76,177	190,893	76,408	
[illegible]ber	67,956	105,133	83,417	88,415	88,600	94,611	84,687	58,677	
[illegible]mber	97,939	77,142	87,926	78,752	64,071	53,192	80,997	69,384	
[illegible]mber	138,425	86,646	129,591	81,898	75,809	76,420	80,349	79,390	
[illegible]ary	69,803	86,988	76,778	61,560	107,568	66,076	58,816	65,758	
[illegible]ary	67,631	82,947	53,345	36,414	59,685	83,043	57,292	79,195	
[illegible]	51,383	116,916	67,375	71,412	66,453	57,132	64,824	63,341 1/	
[illegible]otal	1,221,820	1,120,036	1,150,831	1,041,676	971,516	910,214	1,067,826	821,080	
Cumulative Monthly Totals									
[illegible]ril	76,457	49,985	62,873	68,507	69,428	90,790	74,956	54,337	58,489
[illegible]y	174,811	153,671	168,000	193,634	131,932	161,662	159,423	112,073	122,865
[illegible]ne	355,386	288,407	301,323	307,233	196,737	236,406	253,955	189,840	216,100
[illegible]ly	502,019	397,731	441,420	415,650	351,214	333,602	358,175	233,811	291,431
[illegible]ugust	625,540	487,156	555,623	542,379	433,957	403,563	450,168	328,927	388,483
[illegible]pt.	728,603	564,264	652,399	623,225	509,330	478,740	640,861	405,335	
[illegible]t.	796,559	669,397	735,815	711,640	597,930	574,351	725,548	464,012	
[illegible]v.	894,498	748,539	823,742	790,392	662,001	627,543	806,545	533,396	
[illegible]c.	1,032,923	833,185	953,333	872,290	737,810	703,963	886,894	612,756	
[illegible]n.	1,102,806	920,173	1,030,111	933,850	845,378	770,039	945,710	678,544	
[illegible]b.	1,170,457	1,003,120	1,083,456	970,264	905,063	853,062	1,003,002	757,739	
[illegible]r.	1,221,820	1,120,036	1,150,831	1,041,676	971,516	910,214	1,067,826	821,080	

1/ Estimated.

Source of data: 1927-28 to 1933-34: Monthly Summaries of Foreign Commerce.
1934-35: 1935, compiled from records of Foreign Trade Statistics Division, U. S. Dept. of Commerce.

Salted Hollow Quarry Company of Cane County, 1877–00 to 1904–05
Ix Ounce #2 Open-Hearth Ingots

Date	Ingots	Tons	Date	Ingots	Tons	Date	Ingots	Tons
1877–78	4,210	1,842	1883–84	5,106	2,231	1889–90	6,488	2,837
1878–79	4,388	1,919	1884–85	5,342	2,334	1890–91	6,721	2,939
1879–80	4,561	1,994	1885–86	5,589	2,443	1891–92	6,974	3,049
1880–81	4,753	2,078	1886–87	5,847	2,556	1892–93	7,236	3,163
1881–82	4,952	2,165	1887–88	6,118	2,675	1893–94	7,509	3,283
1882–83	5,161	2,256	1888–89	6,402	2,799	1894–95	7,793	3,407

Monthly Totals

74,407	82,000	46,874	68,427	68,420	80,780	74,028	84,327	86,480
82,781	104,890	124,148	120,147	67,804	70,873	84,447	87,754	64,264
118,274	114,721	134,288	112,098	84,380	74,814	84,238	77,748	82,618
144,880	108,284	140,287	136,427	124,447	80,134	104,280	72,871	71,881
148,681	87,618	114,870	140,728	82,148	67,881	83,481	86,114	84,038
108,888	77,128	84,118	82,118	78,348	76,147	120,805	72,628	
87,820	102,128	82,187	80,418	88,880	84,122	80,187	78,187	
87,828	84,228	87,888	76,728	84,871	88,128	80,177	82,884	
128,480	84,288	128,882	82,888	78,288	76,480	88,148	78,180	
82,188	84,888	78,178	81,128	142,888	84,878	88,128	80,728	
87,828	82,888	82,848	84,814	88,880	82,848	87,888	78,888	
82,888	118,888	87,818	71,818	84,828	87,128	84,884	82,882	

1,281,888 1,188,888 1,280,882 1,841,878 872,128 818,128 1,087,888 821,880

Quantitative Monthly Totals

74,407	48,888	82,878	88,827	88,488	80,788	74,188	84,287	86,888
184,881	188,888	188,888	188,884	128,288	148,818	128,488	112,878	148,888
388,888	388,488	381,888	387,888	188,787	284,884	888,888	888,848	818,888
888,888	887,788	848,488	848,888	888,114	888,888	888,888	888,848	881,888
888,188	888,888	888,888	848,888	888,888	888,888	888,188	888,887	888,488
788,888	884,888	888,788	888,888	887,888	888,888	888,888	888,888	
788,888	888,788	888,818	878,448	887,888	884,888	888,848	888,818	
884,488	888,888	888,748	888,788	888,888	887,888	888,848	888,788	
888,888	888,888	888,887	888,788	888,818	888,888	888,884	888,788	
888,888	888,888	888,888	888,888	888,888	888,888	888,884	888,788	
888,888	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
888,888	888,888	888,888	888,888	888,888	888,888	888,888	888,888	

Interest.

Period data: 1877–00 to 1888–89: Monthly Inventories of Finished Ingots.
1889–90: Ingots Sold from Inventories of Finished Ingots Only.
Valuation, S. L. Dep't. of Commerce.

United States Monthly Exports of Wood Rosin in Terms of 500-Pound Barrels - April 1927 to August 1935.

Month	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Monthly Totals									
April	12,724	6,728	16,400	14,655	15,599	13,048	13,773	21,257	25,451
May	11,416	9,715	16,115	13,826	14,091	12,415	19,827	17,745	17,619
June	16,396	17,344	19,767	18,398	10,747	12,061	22,272	18,394	25,344
July	13,178	14,535	15,524	11,402	12,746	12,483	23,690	15,243	24,467
August	17,044	15,737	21,406	15,771	11,554	11,016	13,293	14,031	24,098
September	14,542	11,427	16,012	14,436	11,517	18,064	16,378	20,123	
October	11,488	15,782	18,211	21,539	12,398	19,907	15,157	18,683	
November	8,960	13,425	19,158	15,412	16,987	16,469	18,890	21,745	
December	13,393	14,910	16,226	13,456	12,045	13,925	19,974	22,404	
January	10,428	14,522	20,375	12,478	9,311	12,804	18,651	21,526	
February	13,638	9,010	16,951	7,791	6,982	16,564	18,815	18,027	
March	8,362	14,537	18,078	15,675	14,284	20,324	24,174	27,111 1/	
Total	151,589	157,732	214,223	174,838	148,261	179,080	230,899	236,289	
Cumulative Monthly Totals									
April	12,724	6,728	16,400	14,655	15,599	13,048	13,773	21,257	25,451
May	24,140	16,443	32,515	28,480	29,690	25,463	33,600	39,002	43,070
June	40,536	33,787	52,282	46,878	40,437	37,524	55,872	57,396	68,414
July	53,714	48,322	67,806	58,280	53,183	50,007	79,562	72,639	92,881
August	70,758	64,119	89,212	74,051	64,737	61,023	98,860	86,670	116,979
September	85,300	75,546	105,224	88,487	76,254	79,087	115,238	106,793	
October	96,788	91,328	123,435	110,026	88,652	98,994	130,395	125,476	
November	105,748	104,753	142,593	125,438	105,639	115,463	149,285	147,221	
December	119,141	119,663	158,819	138,894	117,684	129,388	169,259	169,625	
January	129,569	134,185	179,194	151,372	126,995	141,192	187,910	191,151	
February	143,227	143,195	196,145	159,163	133,977	158,756	206,725	209,178	
March	151,589	157,732	214,223	174,838	148,261	179,080	230,899	236,289	

1/ Estimated.

Source of data: 1927-28 to 1933-34: Monthly Summaries of Foreign Commerce.
1934-35: April to February, compiled from records of Foreign Trade Statistics Division U.S.Dept. of Commerce. 1935-36: Monthly Summaries of Foreign Commerce.

| | | |

Table XLII

United States Exports of Gum Turpentine to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, in Terms of 50-Gallon Barrels*

Season and Month	Germany	United Kingdom	Netherlands	Canada	Belgium	Other	Total
	1	2	3	4	5	6	7
1927-28	45,302	143,398	47,829	21,296	14,401	41,496	313,722
1928-29	44,837	98,727	33,155	21,289	20,315	38,498	256,821
1929-30	48,190	136,597	43,738	22,832	78,765	93,716	322,836
1930-31	33,900	156,125	41,406	22,461	26,494	29,635	309,021
1931-32	35,488	94,399	42,315	19,522	17,561	30,842	240,145
1932-33	29,402	87,845	38,835	16,191	9,253	31,244	212,781
1933-34							
[illegible]	2,778	6,456	4,327	2,357	47	1,772	17,737
	2,182	11,053	2,026	3,158	734	2,183	21,366
	4,667	17,261	6,315	1,795	2,718	3,236	35,994
	4,402	13,133	8,116	1,932	1,583	1,920	31,176	
[illegible]t	3,196	18,396	3,511	1,617	903	4,590	34,213
[illegible]mber	6,094	10,811	4,791	1,441	947	2,947	27,031
[illegible]er	7,347	9,321	4,655	843	1,743	2,208	26,117
[illegible]ber	4,470	6,279	331	936	1,574	4,033	17,843
[illegible]ber	1,672	11,700	6,723	533	1,309	2,340	24,378
[illegible]ry	2,223	7,625	3,949	1,320	1,019	2,552	18,388
[illegible]ary	1,902	5,761	3,805	1,461	--	1,164	14,093
[illegible]	1,728	4,244	1,975	1,618	200	2,770	12,535
[illegible]tal	42,661	122,040	52,746	19,051	12,936	31,717	281,171
1934-35							
[illegible]	1,098	6,557	1,620	1,425	50	1,659	12,409
	1,605	8,520	2,292	2,140	102	985	15,644
	2,166	9,240	2,073	2,457	1,375	2,968	20,279
	1,005	14,300	2,505	2,026	2,163	4,559	26,660
[illegible]t	1,166	16,693	1,768	1,201	2,101	1,726	24,655
[illegible]mber	1,560	7,503	2,711	1,115	1,470	6,025	20,384
[illegible]ber	650	4,482	251	1,455	--	1,360	8,198
[illegible]mber	847	5,672	790	1,337	253	3,176	12,075
[illegible]mber	1,635	3,976	1,062	841	229	2,428	10,171
[illegible]ary	928	8,699	1,768	1,545	408	2,563	15,931
[illegible]ruary	1,096	2,192	1,927	512	240	1,045	7,012
[illegible]h	1,277	9,194	962	1,787	102	3,285	16,617
[illegible]tal	15,033	97,018	19,869	17,841	8,495	31,779	190,035
1935-36							
[illegible]l	502	4,664	1,161	1,883	204	1,620	10,034
	1,105	18,105	1,230	1,853	50	3,545	25,888
	615	7,528	1,570	2,356	1,079	3,044	16,192
[illegible]	818	8,346	1,764	1,040	49	2,981	15,006

*Gallons converted to 50-gallon barrels.

Source of data: Compiled from records of Foreign Trade Statistics Division, U.S. Dept. of Commerce.

Economic Analysis Unit, General Crops Section.

Table [illegible]

[illegible] Income Tax Returns by Specified Counties, by Income [illegible]
[illegible] 1927-28 to 1929-30 and by Parts for 1928-29 and 1929-30 [illegible]

In Terms of 30-Million Dollars

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1	2	3	4	5	6	7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Table XLIII

United States Exports of Wood Turpentine to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons in Terms of 50-Gallon Barrels*

	1	2	3	4	5	6	7
n and th	Germany	United Kingdom	Nether-lands	Canada	Belgium	Others	Total
-28	1,668	4,547	1,738	3,559	5	4,566	16,083
-29	1,528	4,009	6,154	3,239	24	5,480	20,434
-30	900	4,559	1,042	3,731	327	5,409	15,968
-31	1,481	5,179	4,375	2,372	467	4,419	18,293
-32	810	2,261	2,112	1,720	583	3,327	10,783
-33	1,657	3,725	2,394	1,438	700	2,361	12,275
-34							
r	291	348	108	115	16	111	989
	53	836	162	592	81	284	2,008
	563	423	135	81	--	212	1,414
	286	358	54	286	--	238	1,222
st	702	754	136	330	324	264	2,510
mber	389	204	106	275	--	210	1,184
ber	230	316	50	8	--	165	769
ber	266	506	--	14	--	295	1,081
ber	806	832	384	15	--	219	2,256
ry	783	442	163	28	--	302	1,718
ary	386	850	564	219	--	220	2,239
h	202	561	611	124	--	143	1,641
al	4,957	6,430	2,473	2,087	421	2,663	19,031
-35							
r	156	108	218	84	12	210	788
	110	520	271	241	11	154	1,307
	590	680	55	138	--	300	1,763
	116	621	189	158	55	189	1,328
st	24	532	--	35	--	200	791
mber	81	609	59	260	20	213	1,242
ber	39	691	205	242	22	214	1,413
ber	297	930	81	125	--	304	1,737
ber	563	859	65	131	32	237	1,887
ary	11	496	158	136	91	213	1,105
ary	127	683	27	213	--	267	1,317
h	594	885	283	535	28	246	2,571
tal	2,708	7,614	1,611	2,298	271	2,747	17,249
-36							
l	919	903	312	296	--	160	2,590
	92	360	--	273	22	276	1,023
	366	513	240	205	--	478	1,802
	174	364	116	133	51	236	1,124
tal							

*Gallons converted to 50-gallon barrels.
Source of data: Compiled from records of Foreign Trade Statistics Division, U.S.Dept.Commerce.

[illegible] Income Groups of Rural Families Engaged in Agricultural Occupations, by
Specified Items in 1929-30 and 1935-36, and by Region for
1935-36 and 1929-30 Relative to Income of
Non-Relief Families[a]

Income : Families : Relief : Checks : Benefits : Clothing : Rent :						

Table XLIV

United States Exports of Gum Rosin to Specified Countries, by Seasons from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, In Terms of 500-Pound Barrels

:	:	:	:	:	:	:	:	:
m :	Germany :	United: Kingdom :	Nether-: lands :	Canada :	Argentine:	Brazil :	Other :	Total
th:								
	1	2	3	4	5	6	7	8
-28	273,464	277,022	52,816	53,376	77,202	134,608	353,332	1,121,820
-29	196,374	223,886	38,485	49,131	101,853	98,159	413,446	1,120,036
-30	227,787	243,718	45,845	48,195	87,638	85,897	412,098	1,151,177
-31	190,501	232,675	46,578	43,691	72,399	101,204	354,628	1,041,676
-32	178,250	200,910	49,812	37,380	65,472	78,507	361,205	971,516
-33	206,804	170,087	68,716	33,153	49,541	75,491	304,422	910,214
-34								
	14,483	10,488	6,890	2,548	2,915	9,005	28,607	74,956
	16,369	23,103	4,560	6,723	5,020	6,252	22,440	84,467
	15,455	24,303	6,845	2,395	10,607	9,189	25,764	94,540
	28,491	24,369	10,695	3,945	1,950	3,316	31,474	104,220
t	19,513	17,440	5,816	4,955	2,516	2,802	38,951	91,993
mber	19,969	12,137	9,357	5,825	1,800	4,517	38,198	91,803
er	19,387	19,086	5,748	2,972	2,792	3,759	30,883	84,637
ber	16,381	14,278	2,066	2,186	6,700	3,961	35,425	80,997
ber	7,799	12,881	8,862	1,922	8,523	3,497	36,845	80,349
ry	6,857	19,403	5,209	2,130	3,121	4,815	17,231	58,816
ary	15,074	12,415	3,597	4,307	5,341	2,010	14,348	57,292
	10,817	15,202	2,891	2,670	2,521	8,390	22,333	64,824
al	190,875	205,035	72,558	42,448	53,806	61,493	342,479	968,744
-35								
	15,871	5,643	3,583	2,098	2,481	1,236	23,420	54,337
	12,008	14,755	2,670	2,763	1,460	3,542	20,538	57,736
	15,980	17,310	2,389	6,825	5,317	1,610	27,856	77,787
	7,366	15,427	2,178	3,401	5,552	4,143	37,904	73,971
t	10,965	11,435	2,676	2,376	5,119	2,758	29,787	65,116
mber	6,583	18,318	1,220	7,188	5,324	3,153	34,622	76,408
er	5,102	15,068	1,036	6,939	1,262	1,587	27,693	58,677
ber	5,404	21,454	1,703	3,405	3,708	8,145	25,567	69,384
ber	11,163	15,008	3,633	2,944	2,137	1,080	43,445	79,390
ry	9,628	23,686	4,080	2,249	4,635	787	20,753	65,758
ary	11,419	19,340	4,206	2,754	2,955	1,080	37,511	79,195
	8,299	14,326	7,075	1,737	2,210	626	29,068	63,341
al	119,768	191,760	36,894	44,677	40,140	28,677	358,164	821,080
-36								
	6,271	6,233	2,610	2,702	8,690	2,785	29,198	58,489
	9,938	20,264	2,893	1,850	3,791	2,487	25,153	64,376
	8,865	21,806	9,771	4,012	4,801	4,159	39,791	93,255
	8,579	16,709	2,240	5,385	650	10,450	21,312	75,331

pe of data: Compiled from records of Foreign Trade Statistics Division, U.S. Dept. Commerce.

omic Analysis Unit, General Crops Section.

Table XLV

United States Exports of Wood Rosin to Specified Countries, by Season from 1927-28 to 1932-33 and by Months for 1933-34 and 1934-35 Seasons, in Terms of 500-Pound Barrels

Season and Month	Germany	United Kingdom	Netherlands	Canada	Argentina	Brazil	Other	Total
	1	2	3	4	5	6	7	8
28	50,384	33,095	23,505	11,919	1,827	1,145	29,714	151,589
29	51,598	31,284	25,845	13,364	1,007	2,180	32,554	157,732
30	55,633	52,800	32,592	15,446	9,111	2,473	46,168	214,223
31	40,855	42,130	30,099	10,720	7,423	2,523	40,038	174,838
32	38,115	40,496	21,245	12,653	11,404	1,157	30,487	145,221
33	42,275	40,857	26,061	9,300	12,558	6,008	41,721	179,060
34								
	3,899	2,217	922	465	829	1,339	4,042	13,773
	2,087	4,395	2,108	1,454	1,740	1,589	6,394	19,827
	3,290	11,620	826	772	350	1,932	3,482	22,272
	4,081	7,143	1,965	1,324	447	3,936	4,794	27,690
	2,388	3,168	2,954	1,371	1,733	516	7,168	19,298
ber	3,919	3,659	1,441	1,335	1,174	231	4,719	16,378
r	2,981	3,869	1,407	723	541	1,593	4,043	15,157
er	3,071	4,300	1,771	509	2,273	305	6,661	18,890
er	1,780	5,293	2,664	853	1,373	1,835	6,976	19,974
7	1,344	8,096	2,852	1,006	704	612	4,037	18,851
ry	3,284	3,408	2,043	930	2,310	1,014	4,826	18,815
	6,843	6,247	2,693	843	1,369	2,140	4,638	24,173
l	39,367	63,415	23,706	11,185	15,903	16,542	61,780	230,898
35								
	5,261	3,547	3,770	762	1,204	195	6,518	21,257
	3,177	3,987	3,130	1,393	1,026	935	4,097	17,745
	5,068	3,157	1,931	774	1,010	884	5,570	18,394
	1,759	4,641	784	1,616	1,139	382	4,872	15,243
	1,127	4,010	1,078	1,304	1,339	352	4,841	14,051
ber	3,419	9,267	506	422	786	2,090	3,633	20,123
r	2,990	6,248	1,181	1,918	885	25	5,436	18,683
er	3,322	3,176	4,358	583	657	1,971	5,668	21,745
er	4,713	7,271	2,573	1,161	1,487	144	5,055	22,404
7	4,025	5,940	3,303	830	959	405	6,264	21,526
ry	3,397	4,917	2,325	1,073	333	100	5,882	18,027
	3,527	7,931	5,324	1,190	1,891	428	7,120	27,111
al	43,785	64,092	30,263	12,926	12,476	7,891	64,956	235,889
36								
	7,386	6,680	4,014	1,382	100	657	5,222	25,451
	4,135	5,637	1,798	1,131	695	345	3,918	17,619
	4,715	6,644	3,331	2,442	2,181	880	5,171	25,344
	6,399	3,445	3,079	2,575	1,589	1,953	5,422	24,467

s of data: Compiled from records of Foreign Trade Statistics Div., U. S. Dept. Commerce.

ic Analysis Unit, General Crops Section.

Preliminary data on [illegible] of wood fibers to [illegible] Chemicals, by Seasons from [illegible] to [illegible] for Stations from [illegible]

Fol [illegible] Stations, in Terms of [illegible]-Dyed Bacteria

Receipts of Turpentine at Savannah, Georgia; Jacksonville, Florida; Pensacola, Florida.

(In Barrels of 50 Gallons)

Month	1930		1931		1932		1933		1934		Five-Year Average	
	Monthly Receipts	Percent of Total	Monthly Receipts	Percent of Total	Monthly Receipts	Percent of Total	Monthly Receipts	Percent of Total	Monthly Receipts	Percent of Total	Monthly Receipts	Percent of Total
	1	2	3	4	5	6	7	8	9	10	11	12
January	10,237	2.6	7,228	2.2	5,234	2.4	6,283	2.4	4,985	2.0	6,793	2.3
February	5,075	1.3	5,354	1.6	3,808	1.7	2,826	1.1	2,639	1.1	3,940	1.4
March	9,779	2.5	9,511	2.8	6,190	2.8	6,710	2.6	6,352	2.6	7,708	2.7
April	27,999	7.2	26,102	7.8	17,018	7.7	18,176	7.1	17,315	7.1	21,332	7.4
May	48,803	12.6	37,026	11.1	27,410	12.4	32,359	12.6	24,658	10.0	34,051	11.8
June	46,711	12.0	52,345	15.6	26,841	12.2	35,549	13.8	27,614	11.3	37,812	13.1
July	55,822	14.4	53,459	16.0	29,723	13.5	35,265	13.7	31,146	12.7	41,083	14.2
August	46,521	12.0	37,112	11.1	27,770	12.6	33,237	12.9	32,473	13.2	35,423	12.2
September	42,873	11.1	32,995	9.8	22,811	10.4	26,911	10.4	26,856	10.9	30,489	10.5
October	38,500	9.9	30,849	9.2	19,362	8.8	24,479	9.5	25,161	10.3	27,670	9.5
November	28,107	7.3	23,147	6.9	18,125	8.2	18,535	7.2	23,341	9.5	22,251	7.7
December	27,464	7.1	19,844	5.9	15,979	7.3	17,352	6.7	22,834	9.3	20,695	7.2
Total	387,891	100.0	334,972	100.0	220,271	100.0	257,682	100.0	245,376	100.0	289,237	100.0

Source of data:

Naval Stores Review and Journal of Trade. June 1, 1935, page 17.

Economic Analysis Unit,
General Crops Section.

United States Monthly Exports of Gum Spirits of Turpentine
In Terms of 50-Gallon Barrels
January 1930 - December 1934.

Month	1930		1931		1932		1933		1934		Five-Year Average	
	Monthly Exports	Per-cent of Total	Monthly Exports	Per-cent of Total	Monthly Exports	Per-cent of Total	Monthly Exports	Per-cent of Total	Monthly Exports	Per-cent of Total	Monthly Exports	Per-cent of Total
	1	2	3	4	5	6	7	8	9	10	11	12
January	15,729	5.2	21,242	8.7	14,590	6.8	14,421	5.4	18,688	9.5	16,934	6.9
February	13,241	4.4	5,967	2.4	11,733	5.5	10,859	4.1	14,093	7.2	11,179	4.6
March	6,891	2.3	14,836	6.1	11,593	5.4	6,623	2.5	12,535	6.4	10,496	4.3
April	11,691	3.9	10,709	4.4	16,983	8.0	17,737	6.6	12,409	6.3	13,906	5.7
May	31,900	10.5	10,554	4.3	19,276	9.0	21,366	8.0	15,644	8.0	19,740	8.1
June	32,246	10.6	10,734	4.4	26,032	12.3	35,994	13.4	20,279	10.4	25,057	10.3
July	40,281	13.3	39,106	16.0	21,799	10.2	31,176	11.6	26,660	13.6	31,804	13.0
August	42,261	13.9	37,466	15.3	19,799	9.3	34,213	12.8	24,655	12.6	31,679	12.9
September	21,397	7.1	25,689	10.5	23,861	11.2	27,031	10.1	20,384	10.4	23,872	9.7
October	20,435	6.7	24,893	10.2	20,833	9.7	26,117	9.7	8,198	4.2	20,055	8.2
November	19,925	6.6	22,432	9.2	10,426	4.9	17,843	6.7	12,075	6.2	16,540	6.7
December	47,297	15.5	20,646	8.5	16,497	7.7	24,378	9.1	10,171	5.2	23,798	9.7
Total	303,294	100.0	244,276	100.0	213,184	100.0	267,758	100.0	195,791	100.0	244,860	100.0

Source of data:
Monthly Summaries of Foreign Commerce.

Economic Analysis Unit,
General Crops Section.

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